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Supreme Court, U.S.
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Supreme Court of the United States

SENSIENT TECHNOLOGIES CORP., and
SENSIENT FLAVORS, LLC
Petitioners,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
KNOWN AS SENSORYFLAVORS, INC.
PERFORMANCE CHEMICALS & INGREDIENTS, CO.,
DIEHL FOOD INGREDIENTS, INC., and
HIGHLANDER PARTNERS, L.P.
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITION FOR A WRIT OF CERTIORARI

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November 23, 2010

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QUESTION PRESENTED

Does evidence that party intentionally selected a mark to confuse customers in violation of Section 43(a) of the Lanham Act give rise to a presumption that the selected mark will likely confuse customers.

PARTIES TO THE PROCEEDINGS

Pursuant to Rule 14.1(b), the following list identifies all of the parties appearing here and before the Eighth Circuit of Appeals.

The petitioners here and appellants below are Sensient Technologies Corporation and Sensient Flavors LLC.

The respondents here and appellees below are SensoryFlavors, Inc., Performance Chemicals & Ingredients Co., Diehl Food Ingredients, Inc., and Highlander Partners, L.P.

RULE 29.6 STATEMENT

Sensient Technologies Corporation is a publicly traded company and no parent or publicly held company owns 10% or more of its stock. Sensient Flavors LLC is a wholly-owed subsidiary of Sensient Technologies Corporation.

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SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
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On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITION FOR A WRIT OF CERTIORARI

Petitioners Sensient Technologies Corporation and Sensient Flavors LLC (collectively "Sensient Flavors") respectfully request that this Court grant the petition for a writ of certiorari to review the decision and judgment of the United States Court of Appeals for the Eighth Circuit.

OPINIONS BELOW

The decision of the court of appeals (Appendix ("App.") 1a) is published at 613 F.3d 754 (8th Cir.

2010). The order of that court denying the Petition for Panel Rehearing and Rehearing en Banc (App. C at 54a) was entered on August 26, 2010 and is unreported. The opinion of the United States District Court for the Eastern District of Missouri granting respondent's motion for summary judgment (App. B at 34a) is published at 636 F. Supp. 2d 891 (E.D. Mo. 2009).

JURISDICTION

The court of appeals entered its decision on July 21, 2010, and denied the timely petition for rehearing on August 26, 2010. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The Section 43(a) of the Lanham Act, 15 U.S.C. § 1125, titled "False designations of origin, false descriptions, and dilution forbidden," provides in relevant part:

> (a) Civil action
>
> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

"Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill." *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 32 (2003). In this case, in opposition to a motion for summary judgment, Sensient Flavors produced evidence that respondents/defendants, a direct competitor run by an ex-Sensient executive, intentionally selected very similar marks to confuse customers and get a "free ride" on Sensient Flavor's goodwill. In affirming the district court's grant of summary judgment, a divided panel of the Eighth Circuit gave no weight to this evidence of bad intent, however, holding that its evaluation of other factors, primarily the sophistication of the customers and similarity of the marks, led it to conclude that defendants' use of the mark did not create a likelihood of confusion. The dissent explained, by contrast, that this was no "garden-variety 'intent to compete' case." (App. A at 29a.) The "circumstances of this case support a reasonable inference" that defendants "intend[ed] to pass off its good as the trademark owners," and this evidence of "the defendant's intent weigh strongly against summary judgment." (App. A at 28a-29a, 30a.) Indeed, the dissent explained how a jury could

reasonably conclude that Sensient's ex-executive selected very similar marks intending to confuse costumers. (App. A at 29a-30a, 31a-32a.)

The Eighth's Circuit's divided opinion reflects a long-running circuit split on whether evidence of an accused infringer's intent to confuse creates a presumption of a likelihood of confusion or is only one of several factors to be weighed in determining a likelihood of confusion. At least five circuits have held that evidence showing the accused infringer selected similar marks intending to confuse creates a presumption of a likelihood of confusion. *See e.g., Osem Food Indus., Ltd v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) ("It would be inconsistent not to require one who tries to deceive customers to prove they have not been deceived."); 4 J. McCarthy, TRADEMARKS AND UNFAIR COMPETITION, § 23:111 (4th ed.) (collecting cases from Second, Fourth, Sixth, Ninth, and Eleventh Circuits) (hereinafter, "McCarthy"). In the Third, Fifth, Seventh and Eleventh Circuits, however, the rule is that evidence of an accused infringer's intent to confuse should not relieve plaintiff of its burden to prove infringement and is only one of several factors to be weighed in determining a likelihood of confusion. *Blue Bell Bio-Medical v. Cin-Bad, Inc.* 864 F.2d 1253, 1259 (5th Cir. 1989) ("defendant's intent to copy is a relevant factor which a court may consider when deciding whether there is a likelihood of confusion," "[b]ut we must remember that the intent of the defendant is just one element in the likelihood of confusion inquiry."). *See also* McCarthy, § 23.111 (collecting cases.) This Court has never addressed the issue and rarely provides guidance in likelihood of confusion cases. This circuit conflict about intentional conduct

to create confusion as to the source of goods clearly warrants certiorari. Avoiding confusion through the intentional use of trademarks that "deceive as to the affiliation, connection, or association of such person with another person," is essential to maintaining a free, efficient and competitive market. 15 U.S.C. 1125 (a)(1)(A).

A. The District Court Grants Summary Judgment Without Giving Any Weight To The Evidence That Defendants Intended To Confuse Customers.

Sensient Flavors sells flavors to the food and beverage industry using the mark "Sensient Flavors." (App. B at 36a.) Sensient Flavors sued defendant after defendants' new president, Charles Nicolais, the ex-president of Sensient's other main subsidiary, Sensient Colors, chose to compete against Sensient Flavors using the name "SensoryFlavors." (App. B at 34a-35a.) There is no dispute that this newly named "SensoryFlavors" and Sensient Flavors are direct competitors. Indeed, the "SensoryFlavors" entity sells the same product (flavors) to the same targeted customers using the same sales channel (telephone calls) as Sensient Flavors. (App. A at 4a, 16a, 30a, 32a; App. B at 38a.) Sensient Flavors also proffered evidence that its ex-executive knew of the "Sensient Flavors" mark and intentionally chose the very similar "SensoryFlavors" name to generate confusion. (App. A at 29a; App. B at 47a-48a.). When the district court temporarily enjoined defendant's use of "SensoryFlavors," Nicolais quickly modified "SensoryFlavors" to "SensoryEffects Flavors." (App. B at 34a-35a.)

Both parties moved for summary judgment. (App. B at 34a.) The district court found there was no likelihood of confusion between "Sensient Flavors" and "SensoryEffects Flavors." (App. B at 50a.)[1] The court acknowledged its earlier finding that Nicolais' former employment with Sensient, and defendants' selection of the "SensoryFlavors" mark, "created a strong inference of Defendants' intent to confuse the public." (App. B at 47a-48a.) The district court then concluded that "evidence that has been submitted to the Court does not support this conclusion." (App. B at 48a.) This "evidence" was an affidavit by Nicolais denying he was aware of the "Sensient Flavors" mark – even though Sensient Technologies, Inc. has but two major subsidiaries, Sensient Colors and Sensient Flavors, and it is implausible at best that Nicolais, the former president of Sensient Colors, was unaware of his sister company Sensient Flavors – and explaining how he purportedly selected the "SensoryFlavors" and then "SensoryEffects Flavors" marks. (App. B at 48a.) Although Sensient Flavors disputed Nicolais' story, it had evidence that Nicolais was aware of the Sensient and Sensient Flavors marks and was advised to stay away from them. (App. B at 48a.) Nonetheless, the district court found that Nicolais "did not intend to deceive the public" and that his alleged knowledge of Sensient Flavors was purportedly irrelevant, because knowledge of another's product and an intent to compete with that product is not evidence of intent to mislead and cause customer confusion. (App. B at 48a.)

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[1] Sensient Flavors' petition is limited to the likelihood of confusion issue and does not seek review of the other issues raised in its filings below relating to defendants' use of the SensoryFlavors mark or Sensient Flavors' claim under the Missouri anti-dilution statute.

Instead, the district court gave significant weight to the fact that the targeted customers were "sophisticated," and it concluded these sophisticated customer would not likely be confused as purchases are ultimately made after a "collaborative process." (App. B at 46a.) It also concluded that there was a "distinct auditory difference between the name SensoryEffects Flavor and Sensient Flavors." (App. B at 46a-47a.)

B. The Eighth Circuit Likewise Gave No Weight To Evidence That Defendants' Intended To Confuse Consumers.

A divided panel of the Eighth Circuit affirmed. The court did not dispute that the "Sensient" mark is a "fanciful mark" entitled to the broadest protection under the law, or that Sensient Flavors and defendants are direct competitors. (App. A at 12a, 18a-19a.) It also acknowledged as "not without merit" Sensient Flavor's position that because the parties use the telephone to market their competing flavors, the court must focus on the auditory similarity between "SENSient Flavors" and "SENSoryEffects Flavors." (App. A at 16a.)

Nonetheless, the Eighth Circuit found that the "Sensient Flavor" and "SensoryEffects Flavor" marks had a "distinct auditory difference." (App. A at 16a.) The Eighth Circuit reasoned that "although the products are similar, the parties agree the customers are sophisticated and exercise a relatively high degree of care in making their purchasing decisions," and "[t]his sophistication makes it less likely customers will experience initial confusion, ultimately resulting in a benefit to the alleged infringer." (App. A at 18a.) In the Eighth Circuit's view, the presence of these "sophisticated customers" who make purchas-

ing decisions "after a collaborative process," "tends to mitigate any potential confusion." (App. A at 24a.)

Despite the summary judgment standard that all reasonable inferences are given to the non-movant, the Eighth Circuit found that "no reasonable jury" could conclude that Nicolais intended to create confusion by selecting first the "SensoryFlavors" and then "SensoryEffects Flavors" names to compete with Sensient Flavors. (App. A at 22a.) Indeed, the court noted that "'the absence of such intent is a factor to be considered'" in its likelihood of confusion analysis. (App. A at 19a; quoted case omitted.) It further held that the dispute over Nicolais' knowledge of the "Sensient Flavors" mark was "not dispositive," "because knowledge of another's product and an intent to compete does not correspond with an intent to mislead." (App. A at 21a.)

Judge Colloton dissented, observing that this was no "garden-variety 'intent to compete' case." (App. A at 29a-30a.) The evidence – including defendants' own documents – allowed a reasonable jury to find that Nicolais intentionally selected the "Sensory-Flavors" name to create confusion in the marketplace. (App. A at 29a.) The dissent observed how "Nicolais denied in an affidavit that he was aware that the brand or trademark 'Sensient Flavors' even existed, but Sensient discovered from the defendant an internal document dated February 2008 that listed 'Sensient Flavors' as a 'primary competitor' of the newly-named 'SensoryFlavors, Inc.'" (App. A at 29a.) Moreover, after defendant first selected but then "retreated to the name 'SensientEffects Flavor Company,'" the defendants' internal documents showed that it "reject[ed] the suggestion of a company vice

president to omit the word 'Flavor' from the official name and parent logo." (App. A at 29a.) Nicolais' credibility and his denial of any knowledge of Sensient Flavors was "obviously a disputed issue for a jury," and "from these circumstances, a reasonable jury could find that the defendant, having been rebuffed in its efforts to use the name SensoryFlavors to generate confusion with Sensient Flavors, still intended to confuse the public by shifting to the name of SensientEffects Flavor Company." (App. A at 29a.) Citing the holding in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir.1987), that "[i]ntentional copying gives rise to a presumption of a likelihood of confusion," the dissent concluded that "[t]he permissible inferences about the defendant's intent weigh strongly against summary judgment." (App. A at 30a.)

Indeed, the dissent explained how defendants' conduct was likely to confuse customers and harm Sensient Flavors:

> That a company's customers are sophisticated does not establish as a matter of law that there is no likelihood of confusion. If the sophisticated oil traders in *Mobil Oil Corp.*, 818 F.2d 254, "might listen to a cold phone call from Pegasus Petroleum . . . when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil," *id.* at 259, even though the possible relationship between those entities required inferences based on knowledge of both Mobil's mark and Greek mythology, then a reasonable jury could reach a similar conclusion here. A sophisticated purchaser of flavor delivery systems might take a cold call from a fast-talking

> salesperson attempting to pitch a customer on behalf of "SENSoryeffects Flavor Company" when the buyer is familiar with, or accustomed to dealing with, "SENSient Flavors [Company]." Whether or not a sophisticated customer eventually would sort out the difference, the doctrine of initial interest confusion prevents an infringer from using another's mark to gain "crucial credibility during the initial phases of a deal." *Id.* (emphasis added).

(App. A at 31a-32a.)

In this case where the product is marketed to customers in "cold" telephone calls, "the aural similarity of SENSient Flavors and SENSoryEffects Flavor (with "Company" as an immaterial add-on) is sufficient for a jury to weigh this factor in favor of the plaintiff."[2] (App. A at 31a.)

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[2] Seven courts of appeal have adopted this trademark law doctrine of "initial interest confusion," which protects against a party using a competitor's trademark to create initial confusion and get its foot in the door even if the consumer eventually sorts out the difference and no purchase is made. *See Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987); *Checkpoint Sys. v. Check Point Software Tech.*, 269 F.3d 270, 294 (3rd Cir. 2001); *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (5th Cir.1998); *Paccar Inc. v. Telescan Tech., L.L.C.*, 319 F.3d 243, 253 (6th Cir. 2003); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 464 (7th Cir.2000); *Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999); *Austl'n Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1239–40 (10th Cir. 2006). No circuit has rejected the "initial interest confusion" doctrine.

REASONS FOR GRANTING THE PETITION

It is axiomatic that the Lanham Act prohibits trademark infringement that impairs a producer's goodwill by creating initial confusion about the source of goods. "Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer's goodwill." *Dastar Corp.*, 539 U.S. at 32. It provides a cause of action against "[a]ny person who . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person. . . ." 15 U.S.C. 1125(a)(1)(A). As this Court explained in *Dastar Corp.*, 539 U.S. at 28-29:

> The Lanham Act was intended to make "actionable the deceptive and misleading use of marks," and "to protect persons engaged in . . . commerce against unfair competition." 15 U.S.C. § 1127. While much of the Lanham Act addresses the registration, use, and infringement of trademarks and related marks, § 43(a), 15 U.S.C. § 1125(a) is one of the few provisions that goes beyond trademark protection.

Whether a mark is likely to cause confusion, or mistake, or to deceive, is an issue of fact. *See, e.g.*, *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 301 (3d Cir. 2001) ("Likelihood of confusion is a question of fact."); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1060

(7th Cir. 1995) ("Likelihood of confusion in a trademark case is a factual issue").

A. Evidence That A Party Intended To Confuse Customers Should Give Rise To A Presumption That The Party Is Successful And There Is A Likelihood Of Confusion.

Sensient produced evidence that defendants **intended** to do exactly what the Section 43(a) explicitly prohibits, *viz.*, selecting a "word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person. . . ." 15 U.S.C. 1125(a)(1)(A). Yet the Eighth Circuit erroneously gave this fact no weight on summary judgment. Essentially, even though the evidence allowed a reasonable jury to find that defendants intended to confuse customers and harm Sensient Flavors, the majority looked to other factors to conclude that defendants would fail in their intended plan.

It is true that the modern law's emphasis on objective facts of likely customer confusion means a plaintiff need not prove a party intended to infringe its trademark rights to prove a violation of the Lanham Act. *See e.g., Taubman Co. v. Webfeats*, 319 F.3d 770, 775 (6th Cir. 2003) ("Lanham Act is a strict liability statute," and [i]f consumers are confused by an infringing mark, the offender's motives are largely irrelevant."). This "modern" emphasis exists because trademark infringement first arose in the common law as an offshoot of the tort of intentional fraud, but as infringement law matured, "it was realized that even businesspeople acting in good faith could, by

their actions, cause confusion of buyers by the use of trade symbols similar to those used previously by other sellers." McCarthy, § 23:104. Accordingly, courts now regularly weigh a variety of factors that the Eighth Circuit listed in its opinion to determine whether a party's use of a mark was likely to confuse consumer. (App. A at 12a.) Simply because the law captures good faith infringement, however, does not mean that evidence a party acted in bad faith to deceive or confuse customers should be relegated to just one of many factors to weigh in the likelihood of confusion analysis.

Judge Learned Hand came to the same conclusion in an opinion for the panel in *My-T Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934). In that case, the district court denied a preliminary injunction. The court of appeals reversed for the following reason:

> The plaintiff has proved no more than that the boxes look a good deal alike, and that confusion may well arise; and **were it not for the evidence of the defendants' intent to deceive** and so to secure the plaintiff's customers, we should scarcely feel justified in interfering at this stage of the cause. We need not say whether that intent is always a necessary element in such causes of suit; probably it originally was in federal courts. . . . But when it appears, we think that it has an important procedural result; **a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile** . . . . He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in

> execution; if he does, he will win. *Kann v. Diamond Steel Co.*, 89 F. 706, 713 (C.C.A. 8). **But such an intent raises a presumption that customers will be deceived.**

Id. (Emphasis added.) *See also Lambert Pharmacal Co. v. Bolton Chem. Corp.*, 219 F. 325, 326 (S.D.N.Y. 1915) (Hand, J.) ("[o]f course, the burden of proof always rests upon the moving party, but having shown the adoption of a similar trade name, arbitrary in character, I cannot see why speculation as to the chance that it will cause confusion should be at the expense of the man first in the field.").

The Fourth Circuit has characterized the presumption as "'part of the fabric of trademark analysis,'" and expressly adopted Judge Hand's analysis in *My-T-Fine Corp.*, reasoning that "[w]hen a newcomer to the market copies a competitor's trade dress, its intent must be to benefit from the goodwill of the competitor's customers," and "[l]ogic requires . . . . that from such intentional copying arises a presumption that the newcomer is successful and that there is a likelihood of confusion." *Osem Food Indus., Ltd v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990) (quoted source omitted). "It would be inconsistent not to require one who tries to deceive customers to prove they have not been deceived." *Id.*

B. The Majority Erred By Giving No Weight To Evidence That Sensient's Direct Competitor Intended To Deceive Customers.

In this case, Sensient opposed summary judgment with evidence that its direct competitor, a party knowledgeable of the market and run by one of its ex-executives, made an informed decision that the similarity between "Sensient Flavors" and "Sensory-

Flavors," and then "SensoryEffects Flavors," was sufficient to confuse the consumer to its benefit. In that respect, the dissent is correct that this case is similar to *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987), which involved "sophisticated" customers – oil traders – who received sales pitches over the phone. Mobil Oil claimed that the defendant intentionally selected the name "Pegasus Petroleum" because it was similar to Mobil's "flying horse" mark and would mislead an oil trader into an initial interest in its product. The Second Circuit affirmed the district court's findings of fact after trial that the initial interest confusion doctrine applied not because an oil trader "would do business with Pegasus Petroleum believing it related to Mobil, but rather in the likelihood that Pegasus Petroleum would gain crucial credibility during the initial phases of a deal." *Id.* at 259. "[A]n oil trader might listen to a cold phone call from Pegasus Petroleum – an admittedly oft used procedure in the oil trading business – when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil." *Id.* This is consistent with the doctrine's purpose of protecting against a competitor getting a "free ride" on the goodwill of a well known mark. *Id.* (quoted source omitted.)

Yet the Eighth Circuit gave **no** weight – not even an inference – to evidence that Nicolais selected very similar names in order to generate confusion and usurp Sensient's goodwill. Nicolais denied knowing that Sensient Flavors sold goods under the "Sensient Flavors" name. His story is of suspect credibility and is contradicted by defendants own documents. In any event, that dispute over Nicolais credibility and intent cannot be resolved on summary judgment. It

is not for courts at summary judgment to weigh evidence or determine the credibility of such testimony; that is the task of factfinders. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).

A trademark holder with evidence that its direct competitor intended to confuse consumers by selecting a "word, term, name, symbol, or device, or any combination thereof," which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person," in violation of 15 U.S.C. 1125(a)(1)(A), should not have the additional burden of proving its competitor will succeed in executing its plan. The other party may eventually convince the factfinder that it never intended to deceive customers or that its attempt to do so was futile, but at the summary judgment stage "such an intent raises a presumption that customers will be deceived." *My-T Fine Corp.*, 69 F.2d at 77. As Judge Hand observed. there is no reason why speculation as to the chance that defendant's intentional bad acts will cause confusion should be at the expense of the trademark holder. *Lambert Pharmacal Co.*, 219 F. at 326. A contrary rule undermines Section 43(a) of the Lanham Act by encouraging trademark infringement and making it more difficult for a party to protect itself from competitors who intend to confuse customers and compete unfairly.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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November 23, 2010

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

[Filed 07/21/2010]

No. 09-2686

SENSIENT TECHNOLOGIES CORPORATION;
SENSIENT FLAVORS, LLC,
Plaintiffs - Appellants,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY KNOWN AS SENSORYFLAVORS, INC.; PERFORMANCE CHEMICALS & INGREDIENTS CO.; DIEHL FOOD INGREDIENTS, INC.; HIGHLANDER PARTNERS, L.P.,
Defendants - Appellees,

Submitted: March 9, 2010
Filed: July 21, 2010

Appeal from the United States
District Court for the Eastern
District of Missouri.

Before BYE, ARNOLD, and COLLOTON, *Circuit Judges.*

BYE, *Circuit Judge.*

Sensient Flavors appeals the district court's[1] grant of summary judgment in favor of SensoryEffects

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[1] The Honorable E. Richard Webber, United States District Judge for the Eastern District of Missouri.

Flavor Company, formerly known as SensoryFlavors. On appeal, Sensient Flavors contends the district court erred in concluding the SensoryFlavors mark was not "used in commerce" as defined by the Lanham Act, 15 U.S.C. § 1127. Sensient Flavors also asserts the district court erroneously held the SensoryEffects Flavor Company name was not likely to cause confusion to customers. Finally, Sensient Flavors argues the district court erred by holding its mark was "relatively weak" and not entitled to protection under the Missouri dilution statute. We affirm the district court's grant of summary judgment.

I

Sensient Technologies Corporation ("Sensient") sells flavor delivery systems to its customers. Since 2000, Sensient has continuously used the trade name Sensient Flavors, among its other trademarks. The mark appears on communications from Sensient Flavors, including advertising and marketing materials, business cards, letterheads and invoices.

Charles Nicolais, a former employee of Sensient Flavors' sister company Sensient Colors, Inc., left the company to start his own business called Performance Chemicals and Ingredients, LLC ("PCI"). In May 2006, PCI purchased substantially all of the assets of Diehl Food Ingredients, Inc. ("Diehl"). In November 2006, PCI also purchased substantially all of the assets, equipment, trademarks and trade names of SensoryEffects, a business engaged in development, manufacture, and sales of lipid-based flavor delivery systems. The prior owners of SensoryEffects had filed an application for the registration of the SensoryEffects name and graphic in July 2004, which was formally registered by the United States Patent and Trademark Office ("PTO") on July 3, 2007. PCI

further expanded its operations in February 2008 by acquiring Givaudan Flavors, Inc., the dairy flavor systems business within Givaudan Flavors Corporation. As part of the purchase agreement, PCI was not permitted to use the Givaudan Flavors trade name for more than sixty days after the purchase.

After the purchase of Givaudan Flavors, Nicolais undertook the responsibility of choosing a new name and brand for the business. Ultimately, the company decided to use the name SensoryFlavors, Inc., building on the SensoryEffects trademark already in use. As part of this process, SensoryFlavors modified the existing SensoryEffects mark to design the new SensoryFlavors mark. The company's attorneys informed Nicolais the SensoryFlavors name was available for use and registration based on a search of PTO records and corporate names. However, the parties dispute the knowledge Nicolais maintained regarding the existence of the Sensient Flavors name at the time he was choosing the new name. Although he was previously employed by Sensient Colors, Nicolais asserts he never worked for Sensient's flavor group and therefore he was not aware of the Sensient Flavors mark before the lawsuit was filed. Thus, he contends the Sensient Flavors name did not cross his mind while choosing the SensoryFlavors name. Sensient Flavors disputes Nicolais's assertion, noting that a document drafted by one of PCI's employees prior to the purchase of the Givaudan business unit lists Sensient Flavors as one of SensoryFlavors' primary competitors.

On the day the Givaudan purchase was finalized, SensoryFlavors sent an announcement to contacts in the food ingredients industry featuring the SensoryFlavors mark. SensoryFlavors and Givaudan also sent

a media release announcing the acquisition, which included the SensoryFlavors mark. SensoryFlavors asserts it only gave two presentations to customers after acquiring Givaudan Flavors on February 13, 2008, both of which occurred prior to the instant suit. Moreover, SensoryFlavors contends no sales were made under the new mark, no packages were sent bearing labels with the new mark, and no goods were transported under the new mark. SensoryFlavors also constructed the website www.sensoryflavors.com, although it states the website was "under construction" at all times and was immediately deactivated when Sensient filed the instant suit.

Shortly after Sensient filed the instant suit on March 10, 2008, the district court entered a temporary restraining order against the use of the SensoryFlavors name. SensoryFlavors subsequently changed its name to SensoryEffects Flavor Company, d/b/a SensoryEffects Flavor Systems ("SensoryEffects"), building on the prior SensoryEffects name already registered with the PTO. The company has continued to sell products and operate under this name since the change.

Sensient amended its complaint to include the new SensoryEffects name. According to Sensient, the two companies are direct competitors because they both sell flavor delivery systems to food and food ingredient companies, although their product offerings differ slightly. The initial contact with customers arises primarily through telephone calls, which leads to appointments and meetings where the company is able to present its products and services. In this sense, the ultimate sale of products is the result of an ongoing collaborative process. Sensient's complaint contained six counts, including federal trademark

infringement, unfair competition, false advertising, common law trademark infringement and unfair competition, and trademark infringement and dilution under Missouri law.

The district court granted summary judgment on all counts in favor of SensoryEffects and dismissed the case. The court held a permanent injunction on the SensoryFlavors mark was not warranted because the mark had not been "used in commerce." The court also held the new SensoryEffects name was not likely to cause confusion to customers and Sensient was not entitled to protection under Missouri's trademark dilution statute. Sensient timely appeals the district court's order.

I

The district court's grant of summary judgment is reviewed de novo, and we apply the same standards as the district court. *Frosty Treats Inc. v. Sony Computer Ent. Am. Inc.*, 426 F.3d 1001, 1003 (8th Cir. 2005). Summary judgment is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). A fact is material when it might affect the outcome of the suit under governing law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

A. Whether the SensoryFlavors Name Was Used in Commerce

First, the parties dispute whether section 45 of the Lanham Act applies to infringement cases. The Lanham Act imposes civil liability on "any person who. . . without the consent of the registrant . . . *use[s]*

in commerce any reproduction . . . or colorable imitation of a registered mark." 15 U.S.C. § 1114(1)(a) (emphasis added). Section 43(a) of the Act also imposes liability for "[a]ny person who, on or in connection with any goods or services, or any container for goods, *uses in commerce* any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of goods, services, or commercial activities." 15 U.S.C. § 1125(a)(1)(A) (emphasis added). Under section 45 of the Lanham Act, "use in commerce" is defined as follows:

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—
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> (1) on goods when—
>
> (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
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> (B) the goods are sold or transported in commerce, and
>
> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127.

In its brief, Sensient argues the press release, announcement, and two presentations provided by SensoryFlavors, in addition to its website, were sufficient to establish a question of fact regarding "use in commerce" of the mark under section 45. At oral argument, however, Sensient contradicted its argument by asserting for the first time that section 45 does not apply in infringement cases, and rather is limited in its application to the registration of trademarks. Sensient bases its contention largely on dicta provided by the Second Circuit Court of Appeals in *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 128-29 (2d Cir. 2009), which involved an infringement dispute over search terms used by a popular Internet search engine. *Rescuecom* held Google's display, offer, and sale of the plaintiff's mark to advertising customers was sufficiently alleged as "use in commerce" to avoid dismissal under Rule 12(b)(6) of the Federal Rules of Civil Procedure. 562 F.3d at 130-31.

After reaching its conclusion, the *Rescuecom* court attached a lengthy appendix analyzing whether section 45 applies in the infringement context. The court first noted the statute begins with a "guarded and tentative" limitation that the definitions provided under the statute apply "unless the contrary is plainly apparent from the context." *Id.* at 132 (quoting 15 U.S.C. § 1127). The court then analyzed the 1988 amendment to the statute providing that "use in commerce" means the "bona fide use of a mark in the ordinary course of trade." *Id.* at 132-33. According to the court, the amendment made clear that section 45's definition of "use in commerce" applies only to the registration of marks, not to infringement cases, because it is "inconceivable that the statute could have intended to exempt infringers from liability because they acted in bad faith." *Id.* The court

believed this reading of the statute was confirmed by a Congressional report accompanying the 1988 amendment, which "explained that the revised use in commerce definition is intended to apply to all aspects of the trademark registration process, and that clearly, however, use of any type will continue to be considered in an infringement action." *Id.* at 138 (citing S. Rep. 100-515 100th Cong. at 45 (1988)) (internal quotation marks omitted).

Pursuant to the amended statutory language, *Rescuecom* envisioned two possible interpretations of section 45 in infringement cases. The first interpretation bars application of the entire definition of "use in commerce" in the infringement context as a result of the new language in the first sentence relating to "bona fide use," as discussed above. *Id.* at 140. The second, and preferable interpretation would continue to apply the remainder of the "use in commerce" definition relating to goods and services in infringement cases, and simply disregard the "bona fide use" language in such cases, which would be reserved for application only in the registration context.[2] *Id.* Ultimately, the court noted its discussion was dicta that did not affect the result in the case, and it urged Congress to further clarify the statute. *Id.* at 140-41.

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[2] The *Rescuecom* court believed the second approach was preferable in light of prior Second Circuit case law that applied the second sentence of the "use in commerce" definition relating to goods and services to infringement cases. While we assume without holding the second sentence of the definition similarly applies in this case, as discussed below, we note this circuit has also previously interpreted section 45 as requiring "use in commerce" as a prerequisite for infringement liability. *Daimler-Chrysler AG v. Bloom*, 315 F.3d 932, 936 (8th Cir. 2003).

In this case, we express no view as to whether section 45's "use in commerce" definition continues to properly apply in infringement cases. *Compare* 4 McCarthy on Trademarks and Unfair Competition § 23:11.50 (4th ed.) ("The Lanham Act § 45 narrowing definition of what constitutes 'use in commerce' is just a relaxed remnant of trademark law's once-hyper-technical 'affixation' requirement. This statutory anachronism certainly was never intended to limit the scope of 'uses' that would constitute infringement") *with* Margreth Barrett, *Trademarks and Digital Technologies: "Use" on the Net*, 13 No. 11 J. Internet L. 1, 9 (2010) ("[T]he Lanham Act's legislative history makes it clear that Congress intended this statutory definition [of section 45] to apply in the infringement context and to carry forward the 1905/1920 Acts' general 'affixation or other close association' requirement.'").

Although Sensient cites the *Rescuecom* case in its opening brief, it confines its argument to whether SensoryFlavors' limited uses of the mark meet the definition of "use in commerce" under section 45. Prior to oral argument, Sensient failed to develop any argument that section 45 did not apply to an infringement case such as the instant matter. *See Cubillos v. Holder*, 565 F.3d 1054, 1058 n.7 (8th Cir. 2009) (citation omitted) (deeming an argument waived where the petitioner referenced an argument in his opening brief, but failed to develop the argument). To the contrary, Sensient explicitly concedes in its reply brief that the statute applies to infringement cases. *See* Appellant's Reply Brief at 1 ("The parties agree that the Lanham Act requires that a trademark be used in commerce before a finding of infringement can be made."). Under these circumstances, we assume without holding that section 45 applies to infringe-

ment cases and we will proceed to determine whether SensoryFlavors' use of its mark meets the definition of "use in commerce." *See Flowers v. Norris*, 585 F.3d 413, 416 n. 2 (8th Cir. 2009) (limiting review under a statute based on petitioner's concessions in his reply brief).

Applying the language of the statute, SensoryFlavors' goods must have been "sold or transported in commerce," among other requirements. 15 U.S.C. § 1127. As noted above, Sensient attempts to satisfy this requirement by pointing to SensoryFlavors' efforts to advertise and market its goods through two customer presentations, a press release, an announcement, and a website.

Sensient's argument conflates the distinction between goods and services provided under section 45. *Rescuecom* and the other cases Sensient relies upon involved an alleged infringer's services, not goods, and therefore the courts applied the separate definition provided above for determining whether the services were "used in commerce." *Rescuecom*, 562 F.3d at 129 ("According to the Complaint, Google uses and sells *Rescuecom's* mark 'in the sale of Google's advertising *services* rendered in commerce.'") (emphasis added). Even in cases applying the services definition, many courts have held mere advertising is not enough to constitute "use in commerce" because "a mark is used in commerce only if it accompanies services rendered in commerce." *Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco*, 329 F.3d 359, 364 (4th Cir. 2003).

Sensient fails to show evidence of any sale or transport of any goods bearing the SensoryFlavors mark. While Sensient suggests Nicolais did not know

for certain that no sales resulted from the two presentations, this assertion is weak at best because the two companies which received the presentations did not become customers of SensoryEffects subsequent to the name change. *Binkley v. Entergy Operations, Inc.*, 602 F.3d 928, 931 (8th Cir. 2010) ("In order to survive a motion for summary judgment, the non-moving party must be able to show sufficient probative evidence that would permit a finding in his favor on more than mere speculation, conjecture, or fantasy") (citation omitted). Because there is no evidence demonstrating any sale or transport of goods under the SensoryFlavors name, Sensient fails to establish a triable issue of fact as to whether the goods were "used in commerce," and we affirm the district court's grant of summary judgment on the SensoryFlavors mark.

B. Whether the SensoryEffects Name is Likely to Cause Confusion

Sensient next challenges the district court's grant of summary judgment on the SensoryEffects Flavor Systems mark. The district court held the SensoryEffects mark was not likely to cause confusion to customers.[3]

The Eighth Circuit applies a six-factor test to determine whether there is a likelihood of confusion, no part of which is dispositive standing alone:

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[3] Sensient must show a likelihood of confusion as part of its Lanham Act claims (Count I, Count II, and Count III), *Everest Capital Ltd. v. Everest Funds Mgmt., L.L.C.*, 393 F.3d 755, 759 (8th Cir. 2005), its common law trademark infringement and unfair competition claim, and its Missouri statutory trademark infringement claim (Counts IV and V). *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 (8th Cir. 1984); R.S.Mo. 417.056(1).

> (1) the strength of the owner's mark; (2) the similarity between the owner's mark and the alleged infringer's mark; (3) the degree to which the products compete with each other; (4) the alleged infringer's intent to 'pass off' its goods as those of the trademark owner; (5) incidents of actual confusion; and, (6) the type of product, its cost, and conditions of purchase.

Frosty Treats, 426 F.3d at 1008. We do not apply any mathematical formula in analyzing these factors; "rather, we use them at the summary judgment stage as a guide to determine whether a reasonable jury could find a likelihood of confusion." *Id.* We address each of these factors separately.

1. The Strength of the Owner's Mark

In analyzing the first factor, we have recognized a "strong and distinctive trademark is entitled to greater protection than a weak or commonplace one." *Id.* (citing *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)). Marks may be characterized in four categories: generic, descriptive, suggestive, or arbitrary or fanciful. *Id.* at 1004. On this spectrum, an arbitrary or fanciful mark is entitled to the highest level of protection, while a generic mark is afforded no trademark protection. *Duluth News-Tribune, a Div. of Nw. Publ'n, Inc. v. Mesabi Pub. Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996).

In this case, the district court determined Sensient was a fanciful word coined to function as a trademark for the company. As a result, the court acknowledged Sensient's mark was entitled to the broadest protection. However, the court also concluded Sensient could not claim an exclusive right to the "Flavors" portion of the Sensient Flavors name because "Flavors"

is a generic term. Accordingly, the court determined only the Sensient name was entitled to protection. On appeal, Sensient agrees "Flavors" alone is not protectable, but it argues the Sensient Flavors mark must be construed as a whole. SensoryEffects asserts courts have routinely refused to protect generic portions of a trademark.

In making its determination, the district court noted SensoryEffects did not object to its finding that the Sensient name was fanciful. Generally, we do not consider arguments raised for the first time on appeal and a party may not assert arguments not presented to the district court. *Cole v. Intern. Union, United Auto., Aerospace & Agr. Implement Workers of Am.*, 533 F.3d 932, 936 (8th Cir. 2008). In light of SensoryEffects' concession before the district court on this point, we need not consider its arguments on appeal challenging the strength of Sensient Flavors' name.

Similarly, Sensient's argument questioning whether the district court properly analyzed its mark is largely irrelevant because the court ultimately found in favor of Sensient on the first factor. More importantly, the district court proceeded to compare the composite Sensient Flavors mark to the SensoryEffects mark later in its analysis, as demonstrated below. *See, e.g., Sensient Tech. Corp. v. SensoryEffects Flavor Co.*, 636 F.Supp.2d 891, 900 (E.D. Mo. 2009) ("SensoryEffects Flavor Systems sounds different than Sensient Flavors."). Thus, the district court did not err in concluding the first factor favors Sensient.

2. The Similarity of the Owner's Mark and the Alleged Infringer's Mark

Under the second step, we must consider the similarity between the Sensient Flavors and Sensory-

Effects Flavor Systems marks. *Frosty Treats*, 426 F.3d at 1008. "Rather than consider the similarities between the component parts of the marks, we must evaluate the impression that each mark in its entirety is likely to have on a purchaser exercising the attention usually given by purchasers of such products." *Duluth News-Tribune*, 84 F.3d at 1097. "The use of identical, even dominant, words in common does not automatically mean that two marks are similar." *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 627 (8th Cir. 1987). "We may consider the marks' visual, aural, and definitional attributes and compare the trade dress of the products in determining whether the total effect conveyed by the two marks is confusingly similar." *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 830 (8th Cir. 1999) (citing *Gen. Mills*, 824 F.2d at 627).

The district court analyzed the evidence submitted by the parties related to the sophistication of the customer base and the collaborative process by which the products in the industry are sold. As a result of the sophisticated customers and the long, interactive purchasing process, the court determined it was highly unlikely buyers would confuse the marks, and thus the likelihood of confusion was diminished. The court also noted there was a distinct auditory difference between the marks.

The court rejected Sensient's "initial interest confusion" argument, in which it contended Sensory-Effects was able to use Sensient's name to gain access to customers and begin the collaborative process leading to sales, even if the customer's initial confusion over the two companies' names dissipates during the process. The court noted this theory has never been adopted by the Eighth Circuit, and even if it was,

Sensient would still lose because it failed to show any evidence of customers experiencing such a phenomenon. Not only did SensoryEffects Flavor Systems have a distinct auditory difference from Sensient Flavors, the court held, but Sensient failed to introduce evidence showing SensoryEffects attempted to lure away Sensient's customer base by passing off its products as Sensient's.

On appeal, Sensient contends the district court correctly recited the "sight, sound, and meaning" test to determine the similarity between the marks, *see id.*, but it erroneously considered the purchasing conditions and evidence of actual confusion in assessing the similarity of the marks. Sensient asserts the court must independently determine whether the marks appear and sound similar and evoke a similar meaning, and then separately consider whether the purchasing conditions make those similarities more or less critical. Sensient also urges this court to formally adopt the "initial interest confusion" doctrine.

We first consider the sight, sound, and meaning argument. We have continually held the use of identical dominant words does not automatically equate to similarity between marks. *See Frosty Treats, Inc.*, 426 F.3d at 1008-09 (distinguishing the words "frosty treats" in the defendant's product from the plaintiff's "Frosty Treats" mark where the mark and trade dress were visually distinct); *Luigino's*, 170 F.3d at 830-31 (concluding "Lean Cuisine" and "Lean 'N Tasty" are not confusingly similar); *Duluth News-Tribune*, 84 F.3d at 1097 (determining "Duluth News-Tribune" and "Saturday Daily News & Tribune" were distinct, despite the aural similarity between the two marks); *Gen. Mills*, 824 F.2d at 627 (holding the district court did not err in finding no confusing similarity between

"Oatmeal Raisin Crisp" and "Apple Raisin Crisp" because the marks were different enough to avoid customer confusion). In this case, while each mark uses the word "flavors" and begins with the "sens" prefix, these features are components of longer product names with different auditory and visual depictions. *See Everest Capital Ltd.*, 393 F.3d at 761 ("Though each mark uses the dominant word 'Everest,' that word is part of longer product names that employ different fonts and graphics.").

First, there are significant visual differences between the marks. Sensient's mark consists of blue capital lettering with a yellow wave slightly above the lettering. The SensoryEffects mark, on the other hand, utilizes bold black lettering in different typeface on two lines, with a multicolor swirl symbol to the left of the first line. Based on these visual distinctions, the marks are sufficiently differentiated to prevent customer confusion. *See Luigino's*, 170 F.3d at 231 ("The use of different colors and typefaces, as well as the prominent display of the house marks convey perceptible distinctions between the products.").

In its reply brief, Sensient contends the visual appearance of the marks is irrelevant because the point of contact between the companies and the customers generally occurs via telephone, and thus the auditory similarities should be given priority. Sensient's suggestion to place particular emphasis on the verbal effect of the marks is not without merit. *See* 4 McCarthy § 23:22 (4th ed.) ("Similarity of sound may be particularly important when the goods are of the type frequently purchased by verbal order."). However, we agree with the district court that the composite marks maintain a distinct auditory difference. *See Duluth News-Tribune*, 84 F.3d at 1097

("Although the [Duluth News-Tribune and Saturday Daily News & Tribune] marks are aurally similar, when pronounced in their entirety the word 'Saturday' and the ampersand in defendants' paper make the two distinguishable.").

While Sensient correctly notes the purchasing conditions, confusion among customers, and similarity between the marks are three separate factors considered by the court in its analysis, our precedent is clear that we evaluate the impression the entire mark is likely to have "on a purchaser exercising the attention usually given by purchasers of such products." *Id. See also Luigino's*, 170 F.3d at 830-31 (analyzing whether an ordinary consumer would be likely to be confused between the two marks). The parties agree the ordinary customer of their products is sophisticated and any particular sale is the result of a long, collaborative process. Taking into consideration the sophistication of the customers and the nature of the purchasing process, the district court correctly determined the ordinary consumer would not find the marks confusingly similar under the "sight, sound, and meaning" test.

Sensient further argues the district court erred in its application of the "initial interest confusion" doctrine. According to Sensient, most courts now recognize the doctrine, which arises when confusion creates an initial customer interest, even though no actual sale may be finally completed due to the confusion. 4 McCarthy § 23:6 (4th ed.). Sensient contends the doctrine "may be applied to a purchasing process that is drawn out over a period of time," such as the collaborative buying process at issue here. *Id.* However, those courts acknowledging the doctrine recognize that "[e]ven if the marks are

almost identical, initial interest confusion is not assumed and must be proven by the evidence." *Id.*

We decline Sensient's invitation to adopt the "initial interest confusion" doctrine in this case because, even if the doctrine applied generally in this circuit, it would not apply in this case. Under the doctrine, courts look to factors such as product relatedness and the level of care exercised by customers to determine whether initial interest confusion exists. *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 296 (3d Cir. 2001). Here, although the products are similar, the parties agree the customers are sophisticated and exercise a relatively high degree of care in making their purchasing decisions. This sophistication makes it less likely customers will experience initial confusion, ultimately resulting in a benefit to the alleged infringer. *Id.* at 296-97. As a result, the district court correctly rejected the application of the doctrine under these facts. In sum, the district court did not err in concluding the second factor weighs in favor of SensoryEffects.

3. The Degree of Competition Between the Products

The third factor analyzes the degree of competition between products. *Frosty Treats*, 426 F.3d at 1008. If the two companies' products are closely related, confusion among customers is more likely. *Davis v. Walt Disney Co.*, 430 F.3d 901, 904 (8th Cir. 2005). The district court determined the companies' product markets differ slightly, but it ultimately held this factor weighed in favor of Sensient because the parties are direct competitors selling flavor delivery systems to food and food ingredient companies. Neither party disputes this holding on appeal, and accordingly

we conclude the district court was correct in its determination under the third factor, which favors Sensient.

4. The Alleged Infringer's Intent to Pass Off its Goods as the Trademark Owner's

The fourth factor analyzes whether the alleged infringer intended to pass off its goods as the trademark owner's goods. *Frosty Treats*, 426 F.3d at 1008. While proof of bad intent is not required for success in an infringement or unfair competition claim, "the absence of such intent is a factor to be considered." *Id.* "Knowledge of another's product and an intent to compete with that product is not . . . equivalent to an intent by a new entrant to a market to mislead and to cause consumer confusion." *Luigino's*, 170 F.3d at 831.

In considering this factor, the district court first acknowledged the temporary restraining order it previously entered against SensoryFlavors, in which it noted Nicolais's selection of the SensoryFlavors name after he was previously employed by Sensient created a strong inference of his intent to confuse the public. However, the court concluded the evidence produced after additional discovery did not support this inference because Nicolais worked for a separate division while he was employed by Sensient, and even if he maintained knowledge of the Sensient Flavors name, his knowledge did not equate with an intent to mislead. Rather, the court determined SensoryEffects selected its name in order to capitalize its already-established mark and the goodwill established under the Givaudan Flavors name.

Sensient asserts the court ignored evidence demonstrating SensoryEffects was aware Sensient was a direct competitor prior to purchasing Givaudan Flavors and it intentionally selected similar marks. Instead,

Sensient argues the court relied on the self-serving affidavit of Nicolais, who claimed he was unaware of the Sensient Flavors mark. Sensient also argues SensoryEffects was obligated to move further away from the Sensient Flavors name after the temporary restraining order was entered, such that inserting "Effects" was insufficient to meet its obligation.

In determining whether SensoryEffects intended to pass off its goods as those of Sensient's, we believe the analysis in *Luigino's* is instructive. In *Luigino's*, the owners of the "Lean Cuisine" mark alleged that Luigino's intentionally adopted a similar mark, "Lean 'N Tasty," to capitalize on the goodwill established under the "Lean Cuisine" mark. *Id.* The evidence before the court demonstrated that Luigino's rejected a consultant's advice to avoid the "Lean 'N Tasty" mark and it believed the low-fat "Lean 'N Tasty" entrees might be comparable to "Lean Cuisine" entrees. *Id.* Despite this evidence, this court determined there was no evidence Luigino's intended to capitalize on the strong "Lean Cuisine" mark. *Id.* The court explained that Luigino's chose the name "Lean 'N Tasty" because it wanted to avoid the word "light," it believed the word "low-fat" was overused, and because it did not agree with the consultant's recommendation to avoid the word "lean." *Id.* According to the court, the reference to "Lean Cuisine" only evinced an intent to compete with the product, not an intent to infringe on the mark. *Id.* As a result, the court held there was no genuine issue of material fact regarding predatory intent. *Id.*

Similarly, in *General Mills, Inc.*, this court declined to find predatory intent on the part of the owner of the "Oatmeal Raisin Crisp" mark, despite the owner's intent to compete with the "Apple Raisin Crisp" mark.

824 F.2d at 627. "Oatmeal Raisin Crisp" went so far as to send promotional fliers to distributors encouraging them to replace "Apple Raisin Crisp" with its product. *Id.* However, the court again concluded that knowledge of another's product and an intent to compete with that product does not equate to predatory intent. *Id.*

We believe the intent alleged by Sensient in this case is similar to the allegations in *Luigino's* and *General Mills, Inc.* While the parties strongly dispute the extent of Nicolais's knowledge of the Sensient Flavors name, our precedent demonstrates any knowledge maintained by Nicolais is not dispositive of the inquiry because knowledge of another's product and an intent to compete does not correspond with an intent to mislead. *Id.* Sensient alleges the inference to be drawn from the evidence is that Nicolais had an intent to confuse customers by using a name similar to Sensient Flavors; however, there is no support in the record for this assertion other than speculation.

Rather, the facts of this case are similar to *Duluth News-Tribune*, where the court recognized the allegedly infringing name "Saturday Daily News & Tribune" was a logical merger of the names "Daily News" and "Daily Tribune." 84 F.3d at 1097. Here, the prior owners of SensoryEffects filed an application for registration of the SensoryEffects name and graphic in July 2004, which was formally registered by the PTO on July 3, 2007. After PCI acquired Givaudan Flavors, it was not permitted to use the Givaudan Flavors name for more than sixty days after the purchase. As a result, the company decided to combine the SensoryEffects and Givaudan Flavors names to form SensoryFlavors. After this lawsuit was filed, the company changed its name to SensoryEffects Flavor

Systems, incorporating the full SensoryEffects name that was already registered with the PTO. Under these circumstances, the district court was not incorrect in concluding the SensoryEffects Flavor Systems name was a logical combination of the previously-established SensoryEffects and Givaudan Flavors names. After a careful review of the record, we conclude no reasonable jury could find in favor of Sensient on the fourth factor.

5. Incidents of Actual Confusion

Under the fifth factor, we examine the incidents of actual confusion. *Frosty Treats*, 426 F.3d at 1008. Although such incidents are proof of the likelihood of confusion, the plaintiff is not required to bring forth incidents of actual confusion to succeed in an infringement case. *SquirtCo.*, 628 F.2d at 1091. In analyzing this factor, weight is given to "the number and extent of instances of actual confusion." *Duluth News-Tribune*, 84 F.3d at 1098.

The district court held Sensient failed to produce any evidence of actual confusion, which it noted was telling since the SensoryEffects name had been in use at the time for approximately one year. As a result, the court concluded the fifth factor weighed in favor of SensoryEffects.

Sensient contends it presented evidence detailing some customers' misguided beliefs in phone calls and correspondence where the customers thought SensoryFlavors was, in one way or another, Sensient Flavors. SensoryEffects responds Kenneth Iwanusa, National Sales Manager for Sensient Flavors, testified he knew of no lost sales, no injury to Sensient's reputation, and no incidents in which SensoryEffects benefitted from any confusion between the two companies.

As an initial matter, it is questionable whether the statements contained in Sensient's interrogatory responses purportedly establishing the customers' confusion are admissible. *See id.* ("In evaluating the evidence at the summary judgment stage, we consider only those responses that are supported by admissible evidence."). We need not answer this question, however, because assuming the statements are admissible, it is clear "even several isolated incidents of actual confusion that occur initially upon the creation of a potentially confusing mark are insufficient to establish a genuine issue of material fact as to the likelihood of confusion." *Id.* Instead, we "look to whether an appreciable number of ordinary purchasers are likely to be so misled." *Id.* at 1099. This is not the case here, because the incidents described by Sensient show only negligible confusion after SensoryFlavors was completing its transition with Givaudan Flavors, which is insufficient to meet the burden under the fifth factor.

More importantly, the district court correctly noted the alleged incidents of confusion all related to the SensoryFlavors name, not the SensoryEffects name at issue here. Sensient concedes this fact on appeal, but notes there still may be a likelihood of confusion. Sensient's suggestion is without any support in the record, and as a result, no reasonable factfinder could determine the fifth factor favors Sensient. Therefore, the district court did not err in concluding the fifth factor favors SensoryEffects.

6. The Type of Product, Its Cost, and Conditions of Purchase

Finally, the sixth factor examines the conditions of purchase and the degree of care expected of customers. *Frosty Treats*, 426 F.3d at 1008. "In considering

this factor, we must stand in the shoes of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods." *Luigino's*, 170 F.3d at 831. This factor is "more important in confusion-of-source cases where the degree of care that the purchaser exercises in purchasing a product can eliminate the confusion that might otherwise exist." *Frosty Treats, Inc.*, 426 F.3d at 1010.

In this case, the district court concluded it was well-established the parties sell their products to sophisticated customers after a collaborative process. As a result of this process, the court held the likelihood of confusion was diminished, and this factor favored SensoryEffects. The parties do not dispute the conditions of purchase on appeal, as each concedes they are competitors with sophisticated customers. As noted in the analysis above, this factor is important in this case because it tends to mitigate any potential confusion. *Id.* As a result of the parties' agreement, this factor could not form the basis for a verdict in favor of Sensient, and the district court did not err in concluding this factor weighs in favor of SensoryEffects.

Appropriateness of Summary Judgment

Our evaluation of the foregoing factors leads us to conclude no reasonable jury could find a likelihood of confusion between Sensient's mark and the Sensory-Effects Flavor Company mark. "As courts have repeatedly noted, the 'core element' of trademark infringement law is whether an alleged trademark infringer's use of a mark creates a likelihood that the consuming public will be confused as to who makes what product." *Davis*, 430 F.3d at 905 (citation

and internal quotation marks omitted). Under the circumstances, SensoryEffects's use of its mark does not create a likelihood that the sophisticated customer base will be confused as to who makes what product. As a result, we affirm the district court's grant of summary judgment.

C. Missouri's Anti-Dilution Statute

The district court also granted summary judgment in favor of SensoryEffects on Count Six of Sensient's complaint alleging trademark dilution under Missouri law. The statute provides for injunctive relief where there exists a "[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark . . . notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." Mo. Rev. Stat. § 417.061(1). "The gravamen of a dilution complaint is that the defendant's continuing use of a mark similar to the plaintiff's mark will inexorably have an adverse effect upon the value of the plaintiff's mark, and that the plaintiff's mark will eventually be deprived of all distinctiveness." *Frosty Treats, Inc.*, 426 F.3d at 1011 (citation omitted). To prevail under the statute, Sensient "must show its mark or trademark was valid at common law, that its mark is distinctive, and that defendants' use of its name created a likelihood of dilution of the distinctive quality of plaintiff's mark." *Cmty. of Christ Copyright Corp. v. Devon Park Restoration*, 683 F.Supp.2d 1006, 1017 (W.D. Mo. 2010).

The district court began its analysis by noting, as discussed above, Sensient is a fanciful mark. The court proceeded to consider evidence of third party usage of similar marks on similar goods. According to the court, SensoryEffects introduced evidence showing

another competitor in the market does business under the name "Sensus Flavors," while another corporation uses the name "Symrise." The court concluded, while the Sensient mark is fanciful, these third party uses demonstrate the mark is relatively weak. The court determined Sensient failed to introduce evidence showing its mark is distinctive, and as a result the mark was not entitled to protection under the dilution statute.

Sensient asserts it was not required to introduce evidence showing its mark was distinctive because its mark was already established as fanciful. Sensient points to its open and continuous use of the mark since 2000 on its business cards, advertising and marketing materials, and website. Sensient also contends the court erred because nothing in the statute or case law requires courts to consider third party usage as part of the dilution determination, especially where the mark at issue is fanciful. Even if this inquiry were required, Sensient argues, the court's finding its mark was "relatively weak" was not supported by the evidence in the record.

As an initial matter, we acknowledge this case is distinguishable from *Steak n Shake Co. v. Burger King Corp.*, 323 F.Supp.2d 983 (E.D. Mo. 2004), which the district court cited in support for its holding. In *Steak n Shake Co.*, the "steakburger" mark was a generic term not entitled to protection, in contrast to the "Sensient" mark, which the district court already determined was a strong mark, as we also concluded above. 323 F.Supp.2d at 994-95.

Regardless of this distinction, Sensient is unable to prevail on its trademark dilution claim. Inherent in a dilution action under Missouri law is a showing of similarity between the marks, which results in the

dilution. *See Frosty Treats, Inc.*, 426 F.3d at 1011 ("Plaintiffs' Missouri-law dilution claim fails because the marks and trade dress at issue are so dissimilar that it would be clearly erroneous to hold that there was a likelihood of dilution."). *See also Luigino's, Inc.*, 170 F.3d at 832 ("To support an action for dilution by blurring, the marks must at least be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same."). As discussed above, the Sensient Flavors and SensoryEffects Flavor Systems marks are not sufficiently similar under the "sight, sound, and meaning" test. While the "sight, sound, and meaning" test determined similarity for purposes of assessing whether a likelihood of confusion existed, the same dissimilarity prevents a finding of dilution under Missouri law. *See Luigino's*, 170 F.3d at 832-33 (holding the marks were dissimilar under the "sight, sound, and meaning" test such that dilution did not occur because the customers did not see the marks as essentially the same); *Astra Pharm. Prod., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1210 (1st Cir. 1983) ("We have already noted that, while the Beckman analyzer and Astra products may be in the same broad health care field, there is sufficient dissimilarity to prevent confusion. For the same reasons, there is sufficient dissimilarity to prevent dilution."). As a result, Sensient's dilution claim under Missouri law fails because the marks are not sufficiently similar, and therefore there is no likelihood of dilution between the marks.

For the foregoing reasons, we affirm the judgment of the district court.

COLLOTON, Circuit Judge, concurring in the judgment in part and dissenting in part.

Applying the multiple factors identified in circuit precedent as bearing on the likelihood of confusion in a trademark infringement or unfair competition case, *see Frosty Treats, Inc. v. Sony Computer Entm't Am., Inc.* , 426 F.3d 1001, 1008 (8th Cir. 2005), I conclude that there are genuine issues of material fact that preclude summary judgment on that ground. Because the district court dismissed claims advanced by Sensient Technologies Corporation ("Sensient") under the Lanham Act (Counts 1-3), the Missouri common law (Count 4), and Mo. Rev. Stat. § 417.056(1) (Count 5), based on its conclusion that there is no likelihood of confusion as a matter of law, I would reverse the district court's judgment in part and remand for further proceedings.[4]

I agree with the court that a reasonable jury could find that Sensient has a fanciful trademark in the name Sensient Flavors that is entitled to the highest level of protection, and that Sensient Flavors and SensoryEffects Flavor Company are direct competitors who sell flavor delivery systems to food companies. I disagree, however, that no reasonable jury could find that other factors in the analysis favor Sensient.

On the question whether the alleged infringer intends to pass off its good as the trademark owner's goods, the circumstances of this case support a

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[4] I concur in the judgment affirming the district court's decision on the claims relating to the SensoryFlavors mark. *Ante*, at 5-9. I also concur in the judgment affirming the dismissal of Sensient's claim under the Missouri anti-dilution statute, Mo. Rev. Stat. § 417.061(1), because this is a dispute between competitors who sell similar goods. *See Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 833 (8th Cir. 1999); *Viacom, Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 891 n.9 (8th Cir. 1998); 4 J. McCarthy, *Trademarks and Unfair Competition* § 24:74 (4th ed. 2010).

reasonable inference in favor of Sensient. The president of the alleged infringer, Charles Nicolais, is a former president of Sensient Colors, Inc., a sister company of Sensient Flavors. Shortly after Nicolais moved from Sensient to the defendant, the new company selected the name "SensoryFlavors" to compete with "Sensient Flavors." This led the district court to find a "strong inference of Defendant's intent to confuse the public." R. Doc. 21, at 7. After the district court preliminarily enjoined the defendant from using the name "SensoryFlavors," the company retreated to the name "SensientEffects Flavor Company," rejecting the suggestion of a company vice president to omit the word "Flavor" from the official name and parent logo. Appellants' App. 275-76. Nicolais denied in an affidavit that he was aware that the brand or trademark "Sensient Flavors" even existed, but Sensient discovered from the defendant an internal document dated February 2008 that listed "Sensient Flavors" as a "primary competitor" of the newly-named "SensoryFlavors, Inc." *Id.* at 270. The credibility of Mr. Nicolais is obviously a disputed issue for a jury.

Intent is proved by circumstantial evidence, and from these circumstances, a reasonable jury could find that the defendant, having been rebuffed in its efforts to use the name SensoryFlavors to generate confusion with Sensient Flavors, still intended to confuse the public by shifting to the name of SensientEffects Flavor Company. To be sure, we have said that "[k]nowledge of another's product and an intent to compete with that product" is not the same as intent to cause consumer confusion, *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 627 (8th Cir. 1987), but this is not a garden-variety "intent to compete" case. Sensient's contention is that the defendant knew of the "Sensient Flavors" mark and intentionally

selected a very similar mark—first, SensoryFlavors and then SensientEffects Flavor Company—in order to benefit from confusion that would arise from the similarity of names. Particularly given the initial effort by a former Sensient executive to use the name SensoryFlavors, a jury reasonably could infer that the defendant's choice of the fallback name was still motivated in part by an intent to confuse consumers. *See Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 927 (10th Cir. 1986) ("[D]eliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another," and "[t]he inference of intent is especially strong when the parties have had a prior relationship."). The permissible inferences about the defendant's intent weigh strongly against summary judgment. *See Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 465 (7th Cir. 2000) ("The fact that one actively pursues an objective greatly increases the chances that the objective will be achieved," and "[f]or this reason, a defendant's intent is an important factor, and can be weighed more heavily than other factors.") (internal quotations and citations omitted); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987) ("Intentional copying gives rise to a presumption of a likelihood of confusion.").

On the question of similarity of the owner's mark and the alleged infringer's mark, a reasonable jury also could find in favor of Sensient Flavors. The evidence shows that the products at issue are marketed by telephone, so it is the similarity of sound (not trade dress or logo) that is relevant. Sensient argues that SensoryEffects is likely to cause "initial interest confusion" when it uses a similar-sounding name to market its products to customers in "cold" telephone calls. The doctrine of "initial interest confusion"—

"infringement based upon confusion that creates initial customer interest, even though no actual sale is finally completed as a result of the confusion"—is widely accepted, *see* 4 J. McCarthy, *Trademarks and Unfair Competition* § 23:6 (4th ed. 2010), and SensoryEffects offers no convincing reason why this court should not adopt it. In that context, the aural similarity of SENSient Flavors and SENSoryEffects Flavor (with "Company" as an immaterial add-on) is sufficient for a jury to weigh this factor in favor of the plaintiff. Of course, "the use of identical dominant words does not *automatically* equate to similarity between marks," *ante,* at 13 (emphasis added), but unlike the authorities cited by the court, *Frosty Treats, Inc.* , 426 F.3d at 1008-09; *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 831 (8th Cir. 1999); *Duluth News-Tribune v. Mesabi Publ'g Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996); *Gen. Mills, Inc.*, 824 F.2d at 627, visual distinctions in trade dress do not ameliorate the harm caused by confusingly similar names where auditory similarity is the key issue. *Cf. ante,* at 14 ("Sensient's suggestion to place particular emphasis on the verbal effect of the marks is not without merit.").

That a company's customers are sophisticated does not establish as a matter of law that there is no likelihood of confusion. If the sophisticated oil traders in *Mobil Oil Corp.*, 818 F.2d 254, "might listen to a cold phone call from Pegasus Petroleum . . . when otherwise he might not, because of the possibility that Pegasus Petroleum is related to Mobil," *id.* at 259, even though the possible relationship between those entities required inferences based on knowledge of both Mobil's mark and Greek mythology, then a reasonable jury could reach a similar conclusion here. A sophisticated purchaser of flavor delivery systems

might take a cold call from a fast-talking salesperson attempting to pitch a customer on behalf of "SENSoryeffects Flavor Company" when the buyer is familiar with, or accustomed to dealing with, "SENSient Flavors [Company]." Whether or not a sophisticated customer eventually would sort out the difference, the doctrine of initial interest confusion prevents an infringer from using another's mark to gain "crucial credibility during the *initial* phases of a deal." *Id.* (emphasis added).

The court relies on *Checkpoint Systems, Inc. v. Check Point Software Technologies, Inc.*, 269 F.3d 270 (3d Cir. 2001), for the proposition that careful and sophisticated customers make initial interest confusion less likely, *ante*, at 15, but *Checkpoint Systems* considered findings made by a district court *after a trial*, and held that the district court's finding of no likelihood of confusion was *not clearly erroneous*. *Id.* at 298. Checkpoint Systems did not hold that customer sophistication justified summary judgment against claims of initial interest confusion. The court's discussion of initial interest resolved that "[i]ts significance will vary, and must be determined on a case-by-case basis." *Id.* at 297.

Given the issues of fact surrounding several elements of the analysis, the absence of evidence of actual confusion on this record does not justify summary judgment. The other factors—the strength of the Sensient Flavors mark, the high degree of direct competition, the auditory similarity of the marks in a market characterized by telephone sales, and the evidence of intent to confuse—are sufficient to support a finding that the defendant's mark is likely to confuse. *See Eli Lilly*, 233 F.3d at 465-66 (holding that although there was no evidence of

actual confusion, "the other factors—especially the similarity of the marks, the strength of the [plaintiff's] mark, and [the defendant's] intent to confuse—strongly support[ed] the district court's ultimate conclusion" to grant a preliminary injunction under the Lanham Act). The court makes a reasonable argument that there is no likelihood of confusion, and a jury may reach that conclusion after evaluating credibility and weighing the evidence, but the record does not demonstrate as a matter of law that the court's determination is the only reasonable outcome.

For these reasons, I would reverse the grant of summary judgment on Counts 1-5 and remand for further proceedings.

APPENDIX B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

[Filed: 06/12/2009]

Case No. 4:08CV00336 ERW

SENSIENT TECHNOLOGIES CORPORATION, *et al.*,
Plaintiffs,

vs.

SENSORYEFFECTS FLAVOR COMPANY, *et al.*
Defendants.

MEMORANDUM AND ORDER

This matter comes before the Court on Plaintiffs' Motion for Summary Judgment [doc. #73], Defendants' Motion for Summary Judgment [doc. #77] and Defendants' Motion to Strike Affidavit of Monica M. Riederer [doc. #89].

I. PROCEDURAL HISTORY

Sensient Technologies Corporation and Sensient Flavors LLC ("Sensient Flavors") (collectively, "Plaintiffs") brought this lawsuit against SensoryFlavors, Inc. ("SensoryFlavors"), SensoryEffects Flavor Company, Performance Chemicals & Ingredients Co. ("Defendant PCI"), Diehl Food Ingredients, Inc. ("Defendant Diehl") and Highlander Partners, L.P. ("Defendant HP") (collectively, "Defendants"). Plaintiffs sought a temporary restraining order prohibiting SensoryFlavors from using their name and mark. The

Court found for Plaintiffs and issued the temporary restraining order on March 21, 2008. SensoryFlavors then began using the names SensoryEffects Flavor Company and SensoryEffects Flavor Systems.[1] As a result of the abandonment of the SensoryFlavors name and the subsequent name change, Plaintiffs withdrew their Motion for Preliminary Injunction.

Plaintiffs subsequently filed an Amended Complaint. In their Amended Complaint, Plaintiffs detailed six grounds for relief, and they seek relief based upon both the SensoryEffects Flavor Systems and the SensoryFlavors names. In Count 1, Plaintiffs seek to recover for Federal Trademark Infringement, Count 2 is a claim for Federal Unfair Competition, Count 3 is a claim for Federal False Advertising, Count 4 is a claim for Common Law Trademark Infringement and Unfair Competition, Count 5 is a claim for Trademark Infringement under Mo. Rev. Stat. § 417.066(1), and in Count 6 Plaintiffs seek to recover for Trademark Dilution under Mo. Rev. Stat. § 417.061(1).

II. MOTION TO STRIKE

Defendants have filed a motion to strike the affidavit of Monica M. Reiderer. They assert that this affidavit should be struck pursuant to Fed. R. CIv. P. 56(e). This Rule requires that affidavits "be made on personal knowledge, set out facts that would be admissible in evidence, and show that the affiant is competent to testify on the matters stated." If an affidavit does not satisfy these requirements, "it is subject to a motion to strike." *McSpadden v. Mullins*, 456 F.2d 428, 430 (8th Cir. 1972).

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[1] Defendants state that they conduct business under the name SensoryEffects Flavor Systems, and as a result, that is the name the Court will use in this Memorandum and Order.

In this affidavit, Reiderer lists each exhibit supporting Plaintiffs' Motion for Summary Judgment and states that the exhibit "is a true and correct copy." The Court acknowledges that what Defendants assert is not that every one of these exhibits is inadmissible, but instead that some of them have not been properly authenticated or contain hearsay. The Court will only consider evidence "that would be admissible in evidence." The Motion to Strike will be granted, in part, and denied, in part.

III. BACKGROUND FACTS[2]

Sensient Technologies Corporation ("Sensient") was previously known as Universal Foods. In 2000, Universal Foods decided to re-brand itself as Sensient, and invested time and money to rename itself and its subsidiaries, including Sensient Flavors. Sensient owns several trademarks, including SENSIENT, SENSIENT TECHNOLOGIES, SENSIJET, SENSIPEARL, SENSIPLAST, and SENSIROME. Sensient also uses the trade name Sensient Flavors. The Sensient marks and trade names have been used since 2000. Sensient Flavors employees are trained to identify their employer as "Sensient Flavors" when communicating with customers in person or over the phone.

Charles Nicolais ("Nicolais") and several other of Defendants' employees previously worked for Sensient Colors, a sister company of Sensient Flavors. Nicolais

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[2] The Court's recitation of the facts is taken from Defendants' Statement of Uncontroverted Facts [doc. #79], Plaintiffs' Response [doc. #85], Defendants' Reply [doc. #92], Plaintiffs' Statement of Uncontroverted Material Facts [doc. #74], Defendants' Statement of Facts in Opposition [doc. #88] and Plaintiffs' Reply [doc. #95].

left Sensient Colors and started a company called Performance Chemicals and Ingredients, LLC. Nicolais later formed Performance Chemicals and Ingredients Co. (Defendant PCI). Defendant PCI purchased substantially all of the assets of Defendant Diehl in May 2006. In November 2006, Defendant PCI purchased substantially all of the assets, equipment, trademarks and trade names of a business named SensoryEffects. SensoryEffects' prior owners had filed an application for the registration of the SensoryEffects name and graphic on July 2004. The trademark was formally registered on July 3, 2007, however, the name and mark had been used in the market since July 2004.

On February 13, 2008, Defendant PCI acquired substantially all of the assets of Givaudan Flavors, Inc. ("Givaudan Flavors"), the dairy flavor systems business within Givaudan Flavors Corporation. When Defendant PCI purchased Givaudan Flavors, they were not permitted to use the Givaudan Flavors name for more than sixty days after the purchase.

Nicolais and Dennis Reid, along with their counsel, were involved in selecting a new name for Givaudan Flavors. Nicolais made the final decision to utilize the name SensoryFlavors. Defendants have presented evidence to the Court that while Nicolais was aware that Sensient had a flavor corporation, he was not aware that they used the name Sensient Flavors. Defendants state that they consulted with their attorneys who searched PTO records and corporate names. They then developed the SensoryFlavors name through combining their SensoryEffects name that had been in use since 2004 and the Givaudan Flavors name. Representatives of Defendants have testified that they selected this name in order to capitalize upon the already established SensoryEffects name and

mark and the goodwill established under the Givaudan Flavors name.

Defendants used the SensoryFlavors name from February 13, 2008 to March 14, 2008, ceasing their use of the name after this lawsuit was filed. During this period, Defendants conducted at least two presentations to customers with that name. Additionally, they used the name on correspondence, and released the name via press release. They also began to construct a website with the name, however, the site was always under construction. After this lawsuit was filed they changed their name to SensoryEffects Flavor Systems.

While their product markets differ slightly, the Parties are direct competitors, as they both sell flavor delivery systems to food and food ingredient companies. Plaintiffs have not produced any evidence of actual confusion over the SensoryEffects Flavor Systems name by any customers or potential customers. The Parties state that some of their initial client contacts come through phone calls to potential customers. However, sales are not completed during that initial phone call. Instead, they work with their potential customers in a collaborative process to produce a product in accordance with the customer's specifications. Plaintiffs have introduced no evidence that Defendants attempted to lure their customers, and the evidence demonstrates that Defendants' customer base is the Givaudan Flavors customer base that they intended to capture when they entered this market. Defendants have introduced evidence that another competitor in their market does business under the name Sensus Flavors, and another corporation uses the name Symrise.

IV. LEGAL STANDARD

Pursuant to Federal Rule of Civil Procedure 56(c), a court may grant a motion for summary judgment only if all of the information before the Court shows "there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). *See Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). The Supreme Court has noted that "[s]ummary judgment procedure is properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed to 'secure the just, speedy and inexpensive determination of every action.'" *Id.* at 327 (quoting Fed. R. Civ. P. 1).

"By its very terms, [Rule 56(c)(1)] provides that the mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material fact*." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). Material facts are those "that might affect the outcome of the suit under the governing law," and a genuine material fact is one "such that a reasonable jury could return a verdict for the nonmoving party." *Id.* at 248. Further, if the nonmoving party has failed to "make a showing sufficient to establish the existence of an element essential to that party's case, . . . there can be 'no genuine issue as to any material fact,' since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial." *Celotex*, 477 U.S. at 322-23.

The initial burden of proof in a motion for summary judgment is placed on the moving party to establish "the non-existence of any genuine issue of fact that

is material to a judgment in his favor." *City of Mt. Pleasant, Iowa v. Associated Elec. Co-op., Inc.*, 838 F.2d 268, 273 (8th Cir. 1988). Once this burden is discharged, if the record does in fact bear out that no genuine dispute exists, the burden then shifts to the non-moving party who must set forth affirmative evidence and specific facts showing there is a genuine dispute on that issue. *Anderson*, 477 U.S. at 256-57. When the burden shifts, the non-moving party may not rest on the allegations in its pleadings, but by affidavit and other evidence must "do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). In fact, the non-moving party must show there is sufficient evidence favoring the non-moving party which would enable a jury to return a verdict for it. *Anderson*, 477 U.S. at 249; *Celotex*, 477 U.S. at 334. "If the non-moving party fails to produce such evidence, summary judgment is proper." *Olson v. Pennzoil Co.*, 943 F.2d 881, 883 (8th Cir. 1991).

The Court may not "weigh the evidence in the summary judgment record, decide credibility questions, or determine the truth of any factual issue." *Kampouris v. St. Louis Symphony Soc.*, 210 F.3d 845, 847 (8th Cir. 2000). The Court instead "perform[s] only a gatekeeper function of determining whether there is evidence in the summary judgment record generating a genuine issue of material fact for trial on each essential element of a claim." *Id.*

V. DISCUSSION

In their Amended Complaint, Plaintiffs assert six grounds for relief.[3] For each of their claims, they seek to recover for both Defendants' use of the Sensory-Flavors name and the SensoryEffects Flavor Systems name.[4] In their Motions, both Parties have asked that the Court grant summary judgment in their favor on every Count in Plaintiffs' Amended Complaint. Defendants assert that summary judgment should be granted in their favor on Counts 1 through 5 for the SensoryFlavors name because it was not used in commerce. They assert that summary judgment is appropriate for the SensoryEffects Flavor Systems name on Counts 1 through 5 because Plaintiffs cannot meet their burden of showing that the name is likely to cause confusion to consumers. Finally, they ask that the Court grant summary judgment for both names in Count 6 because Plaintiffs cannot establish a likelihood of dilution. The Court will address these three arguments separately.

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[3] In Count 1, Plaintiffs seek to recover for Federal Trademark Infringement, Count 2 is a claim for Federal Unfair Competition, Count 3 is a claim for Federal False Advertising, Count 4 is a claim for Common Law Trademark Infringement and Unfair Competition, Count 5 is a claim for Trademark Infringement under Mo. Rev. Stat. § 417.066(1), and in Count 6 Plaintiffs seek to recover for Trademark Dilution under Mo. Rev. Stat. § 417.061 (1).

[4] Defendants have abandoned the SensoryFlavors name and state that they will not use the name in the future. Plaintiffs state that they are pursuing their claims against this name because they want the Court to issue a permanent injunction to bar Defendants from using the name in the future.

A. *USE IN COMMERCE*

Defendants assert that summary judgment should be granted in their favor because the SensoryFlavors name was never used in commerce. Plaintiffs' claims under the Lanham Act for trademark infringement (Count 1), unfair competition (Count 2) and false advertising (Count 3) all require that the mark be "used in commerce." *See* 15 U.S.C. § 1114(a); 15 U.S.C. § 1125(a); 15 U.S.C. § 1125(a)(1). Additionally, Plaintiffs' common law claims for unfair competition and trademark infringement (Count 4) have been found to "substantially overlap" with the Lanham Act, and use in commerce is also required. *Steak n Shake Co. v. Burger King Corp.*, 323 F. Supp. 2d 983 (E.D. Mo. 2004) (citing *Emerson Elec. Co. v. Emerson Quiet Kool Corp.*, 577 F. Supp. 668, 676 (E.D. Mo. 1983)). Finally, Plaintiffs' claim for trademark infringement (Count 5) under Missouri law requires the application of the same test that is used for the federal cause of action. *See* Mo. Rev. Stat. § 417.056(1).

The term "use in commerce" is defined within the Lanham Act as "the bona fide use of a mark in the ordinary course of trade." 15 U.S.C. § 1127. The statute differentiates between marks that are used in commerce on goods and on services. Defendants produce flavor delivery systems for food and food ingredient companies, and as a result, the Court is concerned with the requirements for goods. A mark is used in commerce on goods where "it is placed in any manner on the goods or their containers . . . and the goods are sold or transported in commerce." 15 U.S.C. § 1127. This "use must be 'deliberate and continuous, not sporadic, casual or transitory.'" *Larson v. Terk Technologies Corp.*, 151 F.3d 140, 146 (4th Cir. 1998) (quoting *La Societe Anonyme des Parfums le Galion*

v. Jean Patou, Inc., 495 F.2d 1265, 1271-72 (2d Cir. 1974)).

Defendants used the SensoryFlavors name from February 13, 2008 to March 14, 2008, ceasing their use of the name after this lawsuit was filed. Their use of the SensoryFlavors name was limited. The evidence shows that they conducted at least two presentations to customers with that name. Additionally, they used the name on correspondence, and released the name via press release. They also began to construct a website with the name, however, the site was always under construction. For these claims to succeed, Plaintiffs must demonstrate that the name was used in commerce, which requires the "sale of goods in commerce." *ConAgra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 371 (8th Cir. 1993). It is clear that none of the ways in which Defendants used the Sensory-Flavors name satisfies the requirements for use in commerce. As a result, summary judgment must be granted for Defendants on Counts 1, 2, 3, 4 and 5 for their use of the SensoryFlavors name.

B. *LIKELY TO CAUSE CONFUSION*

Defendants also ask that the Court grant summary judgment in their favor because Plaintiffs cannot meet their burden of showing that the SensoryEffects Flavor Systems name is likely to cause confusion to consumers. Plaintiffs' claims under the Lanham Act for trademark infringement (Count 1), unfair competition (Count 2) and false advertising (Count 3) all require that the infringing use be "likely to cause confusion or to cause mistake." 15 U. S.C. § 1114(a); 15 U.S.C. § 1125(a); 15 U.S.C. § 1125(a)(1)(A). Additionally, Plaintiffs' common law claims for unfair competition and trademark infringement (Count 4) also require that the defendant use "a similar mark or

name that is likely to cause confusion as to the source of products sold by defendant." *Steak n Shake Co.*, 323 F. Supp. 2d at 990 (citing *Emerson Elec. Co.*, 577 F.Supp. at 676). Finally, Plaintiffs' claim for trademark infringement (Count 5) under Missouri law also requires that the use be "likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services." Mo. Rev. Stat. § 417.056(1).

To determine whether there is a likelihood of confusion, the Court must consider "six non-exclusive factors." *Everest Capital Ltd. v. Everest Funds Management, L.L.C.*, 393 F.3d 755, 759 (8th Cir. 2005). These factors are:

> (1) the strength of the owner's mark; (2) the similarity of the owner's mark and the alleged infringer's mark ; (3) the degree of competition between the products; (4) the alleged infringers intent to 'pass off' its goods as the trademark owner's; (5) incidents of actual confusion; and, (6) the type of product, its cost, and conditions of purchase.

Luigino's Inc. v. Stouffer Corp., 170 F.3d 827, 830 (8th Cir. 1999). "None of these factors alone is dispositive." *Bebe Stores, Inc. v. May Dept. Stores Intern., Inc.*, 230 F.Supp 2d 980, 991 (E.D. Mo. 2002).

Under the first factor, the Court must consider the strength of the owner's mark. *See Luigino's Inc.*, 170 F.3d at 830. A mark can be classified into the following "categories of generally increasing distinctiveness; . . . "(1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). A fanciful mark is the strongest kind of mark, and is a mark that "bears no logical relationship to the product or

service it is used to represent." *Welding Services, Inc. v. Forman*, 509 F.3d 1351, 1357-58 (11th Cir. 2007) (using the example of "Kodak"). Sensient is a fanciful word that was coined for the express purpose of functioning as a trademark, brand, and corporate family of names. Sensient is a fanciful mark entitled to the broadest protection.[5] *Two Pesos, Inc.*, 505 U.S. at 768.

While Sensient is entitled to broad protection, Plaintiffs cannot claim an exclusive right to the "Flavors" portion of their Sensient Flavors name. Flavors is a generic term as it "does not identify the source of a product, but rather indicates the basic nature of the product." *Schwan's IP, LLC v. Kraft Pizza Co.*, 460 F.3d 971, 974 (8th Cir. 2006). At best, Flavors may be a descriptive mark if it is found to convey "the nature or function of the product." *Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996). However, descriptive marks are only entitled to protection if they "become distinctive by acquiring a secondary meaning." *Id.* Plaintiffs have not presented evidence that Flavors has acquired a secondary meaning, and as a result, only Sensient is entitled to protection. This first factor favors Plaintiffs.

Under the second factor, the Court must consider the similarity of the marks. Courts are to analyze "similarities of sight, sound, and meaning between two marks." *General Mills Inc. v. Kellogg Co.*, 824 F.2d 622, 627 (8th Cir. 1987). This analysis should not be completed in a vacuum because the Court

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[5] The Court notes that there is some dispute between the parties over whether the Sensient name is actually a descriptive name, combining the words "sensory" and "ingredients." For the purposes of this Motion, Defendants state that they do not object to the finding that this name is fanciful.

"must attempt to recreate the conditions in which buying decisions are made, and . . . what a reasonable purchaser in market conditions would do." *Calvin Klein Cosmetics Corp v. Lenox Labs.*, 815 F.2d 500, 504 (8th Cir. 1987).

The Parties have submitted evidence to the Court detailing the conditions in which purchasing decisions are made for their products. The Parties sell their products to sophisticated customers after a collaborative process in which they work with the buyer to produce a product in accordance with the customer's specifications. As a result of this long, interactive process and the sophistication of their consumers, it is highly unlikely that these buyers would confuse these two names, and the likelihood of confusion is diminished.

Plaintiff responds that they are concerned with what is known as "initial interest confusion." They state that Defendants will be able to use their name to gain access to customers, and even if the customer's confusion over the name dissipates during the collaborative process, they state that they will lose potential purchasers because of their initial confusion. This theory has not been adopted by the Eighth Circuit. *Northland Ins. Co. v. Blaylock*, 115 F.Supp. 2d 1109, 1118-19 (D. Minn. 2000). However, even assuming that it should be applied in this instance, Plaintiffs' argument would still lose on this factor. Plaintiffs have failed to introduce any evidence of any customer experiencing "initial interest confusion." Because initial client contact is sometimes made through phone calls to potential customers, the Court must consider how these names sound. SensoryEffects Flavor Systems sounds different than Sensient Flavors. Plaintiffs encourage the Court to disregard the word

"Systems" in Defendants' name, however, it is clear that there is a distinct auditory difference between the name SensoryEffects Flavor and Sensient Flavors.

Some courts that have analyzed initial interest confusion have relied upon the consumers to which the products were marketed. *See, e.g., Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 383 (7th Cir. 1996). Where the new company markets its product as an alternative to the senior mark, and does not attempt "to lure potential customers away . . . by passing off its [product] as [Plaintiffs']" they find no initial interest confusion. This logic applies to the pending action. Plaintiffs have introduced no evidence that Defendants attempted to lure their customers, and the evidence demonstrates that Defendants' customer base is the Givaudan Flavors customer base that they intended to capture when they entered this market. As a result, Plaintiffs have failed to introduce evidence demonstrating a genuine issue of material fact on the similarity of the marks or any initial interest confusion, and this factor weighs in favor of Defendants.

The third factor asks the degree to which the allegedly infringing product competes with Plaintiffs' goods. While their product markets differ slightly, the Parties are direct competitors as they both sell flavor delivery systems to food and food ingredient companies. As a result, this factor weighs in favor of Plaintiffs.

Under the fourth factor, the Court must determine whether Defendants intended to confuse the public. When considering Plaintiffs' motion for a temporary restraining order, the Court noted that Nicolais selected the SensoryFlavors name and he had been previously employed by Plaintiffs. The Court found that this created a strong inference of Defendants'

intent to confuse the public. *See Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F. 2d 920, 927 (10th Cir. 1986). However, additional discovery has been completed, and the evidence that has been submitted to the Court does not support this conclusion. Nicolais previously worked for Sensient Colors, a sister company of Sensient Flavors. Defendants have presented evidence to the Court that while Nicolais was aware that Sensient had a flavor corporation, he was not aware that they used the name Sensient Flavors. However, even assuming that Nicolais knew of Sensient Flavors, his knowledge does not weigh this factor towards Plaintiffs because "[k]nowledge of another's product and an intent to compete with that product is not, however, equivalent to an intent by a new entrant to a market to mislead and to cause customer confusion." *General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 627 (8th Cir. 1987).

Defendants state that when SensoryEffects purchased the Givaudan Flavors Corporation, they were not permitted to use the Givaudan Flavors Corporation name for more than sixty days after the purchase. Defendants state that they consulted with their attorneys who searched PTO records and corporate names. They then developed the SensoryFlavors name through combining their SensoryEffects name that had been in use since 2004 and the Givaudan Flavors Corporation name. After this lawsuit was filed they changed their name to SensoryEffects Flavor Systems.

The facts introduced by Defendants demonstrate that Defendants did not intend to deceive the public and instead selected these names in order to capitalize upon the already established SensoryEffects name and mark and the goodwill established under the

Givaudan Flavors Corporation name. Merging these two names is a logical means to form a name, and does not indicate an intent to confuse. *Duluth News-Tribune, a Div. of Northwest Publ'ns, v. Mesabi Pub. Co.*, 84 F.3d 1093, 1097-98 (8th Cir. 1996). Plaintiffs have failed to introduce any evidence that Defendants intended to deceive the public. Tellingly, Plaintiffs' witnesses even stated that Defendants never misrepresented their products or attempted to pass off their products as Plaintiffs' products, which is the real harm this factor seeks to identify. There is no issue of fact on whether Defendants intended to confuse the public, and the fourth factor weighs in favor of Defendants.

The fifth factor asks whether there have been incidents of actual confusion. *Luigino's Inc.*, 170 F.3d at 830. "Evidence of actual confusion is undoubtedly the best evidence of likelihood of confusion." *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1188 (6th Cir. 1988). While this is "an important factor" it "is not essential to a finding of trademark infringement." *Iowa Paint Mfg. Co. v. Hirshfield's Paint Mfg., Inc.*, 296 F.Supp. 2d 983, 997 (S.D. Iowa 2003) (citing *David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377, 380 (8th Cir. 1965); *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)). Plaintiffs have failed to produce any evidence of actual confusion, and there is no issue of fact on this factor.[6] The absence of actual confusion is especially telling as the SensoryEffects Flavor Systems name has been used by Defendants for approximately

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[6] In Plaintiffs' Statement of Uncontroverted Material Facts [doc. #74] they detail several instances of confusion. These incidents were all related to Defendants' use of the SensoryFlavors name, and not their SensoryEffects Flavor Systems name.

a year. As a result, the fifth factor weighs in favor of Defendants.

The sixth, and final, factor asks about "the type of product, its cost, and conditions of purchase." *Luigino's Inc. v. Stouffer Corp.*, 170 F.3d 827, 830 (8th Cir. 1999). The Parties have failed to introduce evidence on the cost of this product, however, it is well established that the Parties sell their products to sophisticated customers after a collaborative process in which they work with the buyer to produce a product in accordance with the customer's specifications. As a result of this collaborative process, the likelihood of confusion is diminished, and this factor weighs in favor of Defendants.

These six factors must be considered to determine whether there is a likelihood of confusion. *Everest Capital Ltd.*, 393 F.3d at 759. The Court's review of these factors demonstrates that there is no likelihood of confusion. Plaintiffs have a protectable interest in their name due to the strength of their mark, and they directly compete against Defendants, however, this simply is not sufficient for a reasonable jury to "return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248. Plaintiffs have failed to produce sufficient evidence that there is a likelihood of confusion, which is a necessary element on Counts 1, 2, 3, 4 and 5 of their Amended Complaint. Accordingly, summary judgment will be granted for Defendants on Counts 1, 2, 3, 4 and 5 for their use of the SensoryEffects Flavor Systems name.

C. *LIKELIHOOD OF DILUTION*

In Count 6, Plaintiffs seek to recover for trademark dilution under Mo. Rev. Stat. § 417.061(1). This statute provides for injunctive relief where there exists a

"[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark . . . notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." Mo. Rev. Stat. § 417.061(1)[7] "The gravamen of a dilution complaint is that the continuing use of a mark similar to the plaintiff's mark will inexorably have an adverse effect upon the value of the plaintiff's mark, and that, if he is powerless to prevent such use, the plaintiff's mark will eventually be deprived of all distinctiveness . . . [D]ilution is a cancer which, if allowed to spread, will inevitably destroy the advertising value of the mark." *WSM, Inc. v. Hilton*, 724 F. 2d 1320, 1332 (8th Cir. 1984) (quoting 3 *The Law of Unfair Competition, Trademarks and Monopolies* 954-55 (3d ed. Cum. Supp. 1982)).

Defendants ask that the Court grant summary judgment on this claim because they assert that Plaintiffs cannot establish a likelihood of dilution. Most courts find that claims for trademark dilution succeed only where "plaintiff's mark is arbitrary, coined, fanciful, or has become distinctive by acquiring a secondary meaning." *Id.* As the Court previously discussed, Sensient is a fanciful mark.[8] *Two Pesos,*

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[7] There are very few Missouri cases that have addressed this statute, however, the statute is based upon the Model State Trademark Act, and in considering this Motion, the Court looked to cases from other states that have enacted similar statutes. *See Cushman v. Mutton Hollow Land Development, Inc.*, 782 S.W.2d 150, 161 (Mo. Ct. App. 1990).

[8] As the Court stated previously, the Parties disptue whether the Sensient name is actually a descriptive name, combining the words "sensory" and "ingredients." For the purposes of this Motion, Defendants state that they do not object to the finding that this name is fanciful.

Inc., 505 U.S. at 768. As a result, this name satisfies this initial requirement. However, this is not the end of the Court's inquiry, as the Court must also consider "evidence of third party usage of similar marks on similar goods." *Steak n Shake Co. v. Burger King Corp.*, 323 F. Supp.2d 983, 992 (E.D. Mo. 2004) (quoting *General Mills, Inc.*, 824 F.2d at 627). This inquiry is "relevant to show that the mark is relatively weak and entitled to a narrower scope of protection." *Id.*

Defendants have introduced evidence that another competitor in their market does business under the name Sensus Flavors, and another corporation uses the name Symrise. A "mark may be classified as weak where there has been extensive third party use of similar marks on similar goods." *EMSL Analytical, Inc. v. Testamerica Analytical Testing Corp.*, 2006 WL 892718, at *8 (D.N.J. April 4, 2006) (internal citations omitted.) These uses demonstrate that while the mark is a fanciful word, "the mark is relatively weak." *General Mills, Inc.*, 824 F.2d at 627.

This statute exists to prevent the "dilution of the distinctive quality of a mark." Mo. Rev. Stat. § 417.061 (1). Only marks that are unique or distinctive are entitled to protection under this statute. *See Cushman*, 782 S.W.2d at 162. Plaintiff has failed to introduce evidence showing that their mark is distinctive, and instead, Defendants have established that several other corporations in the same market utilize very similar sounding names. *WSM, Inc.*, 724 F.2d at 1332. As a result, there is no genuine material fact "such that a reasonable jury could return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248. Defendants have established that Plaintiffs' mark is actually a weak mark, and is not entitled to protection under Missouri's

trademark dilution statute. As a result, summary judgment is appropriate on all of Plaintiffs' claims.

Accordingly,

IT IS HEREBY ORDERED that Plaintiffs' Motion for Summary Judgment [doc. #73] is DENIED.

IT IS FURTHER ORDERED that Defendants' Motion for Summary Judgment [doc. #77] is GRANTED. All of Plaintiffs' claims are DISMISSED, with prejudice.

IT IS FURTHER ORDERED that Defendants' Motion to Strike Affidavit of Monica M. Riederer [doc. #89] is DENIED, in part, and GRANTED, in part.

So Ordered this 12th Day of June, 2009.

/s/ E. RICHARD WEBBER
E. RICHARD WEBBER
UNITED STATES DISTRICT JUDGE

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

[Filed: 08/26/2010]

No: 09-2686

SENSIENT TECHNOLOGIES CORPORATION
AND SENSIENT FLAVORS, LLC
Appellants,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
KNOWN AS SENSORYFLAVORS, INC., *et al.*
Appellees.

Appeal from U.S. District Court for the
Eastern District of Missouri - St. Louis
(4:08-cv-00336-ERW)

ORDER

The petition for rehearing en banc is denied. The petition for rehearing by the panel is also denied.

August 26, 2010

Order Entered at the Direction of the Court:
Clerk, U.S. Court of Appeals, Eighth Circuit.

/s/ Michael E. Gans
Michael E. Gans

APPENDIX D

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

[Filed 06/12/2009]

Case No. 4:08CV00336 ERW

SENSIENT TECHNOLOGIES CORPORATION, *et al.*,
Plaintiff,

vs.

SENSORYEFFECTS FLAVOR COMPANY, *et al.*
Defendant.

JUDGMENT

In accordance with the Memorandum and Order entered on this date and incorporated herein,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants' Motion for Summary Judgment [doc. #77] is GRANTED. All of Plaintiff's claims are DISMISSED WITH PREJUDICE.

Dated this 12th day of June, 2009.

/s/ E. RICHARD WEBBER
E. RICHARD WEBBER
UNITED STATES DISTRICT JUDGE

181 (2)

No. 10-721

In The Supreme Court of the United States

SENSIENT TECHNOLOGIES CORP., and SENSIENT FLAVORS, LLC,

Petitioners,

v.

SENSORYEFFECTS FLAVOR COMPANY, d/b/a **SENSORY**EFFECTS FLAVOR SYSTEMS; PERFORMANCE CHEMICALS & INGREDIENTS COMPANY; DIEHL FOOD INGREDIENTS, INC.; and HIGHLANDER PARTNERS, L.P.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Eighth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

In affirming the district court's grant of summary judgment in favor of Respondents, the Eighth Circuit found that Petitioners had presented no evidence that Respondents intended to confuse the public – or their customers – as to the source of their products when they chose the name **Sensory**Effects Flavor Systems for their flavor systems business. The question presented by Petitioners here, on the other hand, relates only to situations in which this type of intent evidence has been adduced: Petitioners query whether the existence of intent evidence gives rise to a presumption that the allegedly infringing trademark is likely to confuse the public. Petitioners claim that there is a split among the circuits on this narrow question, but offer no reason to grant review in cases like this one, where no such evidence exists. In these circumstances, have Petitioners presented this Court with a compelling reason to grant their Petition?

PARTIES TO THE PROCEEDINGS

In Petitioners' list of parties to the proceedings, they have misidentified Respondent **Sensory**Effects Flavor Company, d/b/a **Sensory**Effects Flavor Systems, as SensoryFlavors, Inc. (Pet. ii.) A correct statement of the parties to these proceedings is as follows:

Petitioners here and appellants below are Sensient Technologies Corporation and Sensient Flavors, LLC.

Respondents here and appellees below are **Sensory**Effects Flavor Company, d/b/a **Sensory**Effects Flavor Systems ("SEFS"), Diehl Food Ingredients, Inc. ("Diehl"), Performance Chemicals & Ingredients Company ("PCI"), and Highlander Partners, L.P. ("Highlander").[1]

RULE 29.6 STATEMENTS

I. CORPORATE DISCLOSURE STATEMENT OF RESPONDENT SENSORYEFFECTS FLAVOR COMPANY, d/b/a SENSORYEFFECTS FLAVOR SYSTEMS

Respondent **Sensory**Effects Flavor Company, d/b/a **Sensory**Effects Flavor Systems, states that its

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[1] For ease of discussion, Respondents use the term "SEFS" in this Brief to refer both individually to Respondent **Sensory**Effects Flavor Company, d/b/a **Sensory**Effects Flavor Systems, and collectively to all Respondents.

RULE 29.6 STATEMENTS – Continued

parent company is Performance Chemicals & Ingredients Company. There is no publicly held corporation that owns 10% or more of its stock.

II. CORPORATE DISCLOSURE STATEMENT OF RESPONDENT DIEHL FOOD INGREDIENTS, INC.

Respondent Diehl Food Ingredients, Inc. states that its parent company is Performance Chemicals & Ingredients Company. There is no publicly held corporation that owns 10% or more of its stock.

III. CORPORATE DISCLOSURE STATEMENT OF RESPONDENT PERFORMANCE CHEMICALS & INGREDIENTS COMPANY

Respondent Performance Chemicals & Ingredients Company states that it is owned in part by Highlander Partners, L.P.[2] There is no publicly held corporation that owns 10% or more of its stock.

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[2] Respondent Highlander Partners, L.P. is a limited partnership, not a corporation, and has no disclosure requirements under Rule 29.6.

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STATEMENT OF THE CASE

Petitioners appear to forget in their *Statement of the Case* that they presented a single, narrow question for this Court's review: whether a presumption of likelihood of confusion arises when a trademark plaintiff presents evidence of the defendant's intent to confuse. They appear instead to prefer that the Court review the entire case, evidentiary issues and all, in search of possible error. But they provide no reason for this Court to take on that task. The only reason they offer for this Court to accept this case is their contention that there is a split in the circuits on the question they presented. Unfortunately for them, that question is not one that was reached by the Eighth Circuit or by the district court when those courts granted summary judgment for SEFS.

In an attempt to fit their case into the narrow question they designed, Petitioners have tortured the lower courts' opinions and the undisputed facts. For example, Petitioners claim repeatedly that they presented evidence below that SEFS adopted a name that was "very similar" to Petitioners' trademarks with the intent to confuse the public, and that both the district court and the Eighth Circuit decided to give that evidence "no weight." (Pet. 3, 5-7, 12, 14-15.) These statements are not true. In fact, the lower courts found that the parties' names and marks are both visually and aurally dissimilar and, more significantly here, that Petitioners failed to present any evidence that SEFS had any intent to confuse anyone as to the source of its products when it chose the

name **Sensory**Effects Flavor Systems – using its own federally registered **Sensory**Effects trademark – for its flavor systems business. (Pet. App. 15a-22a, 38a, 45a-49a.) The courts thus did not reach the only question presented here – whether the presumption Petitioners advocate applies in this case – because they found there was no evidence of the only kind of conduct that might, under Petitioners' theory, give rise to that presumption.

Although many of the so-called facts presented by Petitioners have no bearing on the narrow question put to this Court, SEFS now feels obligated to correct the record as to those facts. Accordingly, SEFS provides the following correct statement of the undisputed evidence presented below and the decisions of the lower courts.

This case involves the name chosen for the dairy flavor systems business conducted by SEFS. In mid-February of 2008, SEFS bought the assets of that business from Givaudan Flavors, Inc., a subsidiary of Givaudan Flavors Corporation. (Pet. App. 2a-3a.) By agreement between the parties, SEFS was not permitted to continue using the "Givaudan" name for this business for more than sixty days. (Pet. App. 3a.) For that reason, SEFS renamed the company, choosing the name **Sensory**Flavors, Inc. *Id.* This name was modeled on a federally registered trademark that SEFS already owned – the **Sensory**Effects trademark that had been developed for a sister company – and included a specific reference to the products that were sold by SEFS's new business, sensory flavor

systems. (Pet. App. 3a, 37a-38a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 4, 17-18, 25-28, 74; R. 85, Pltffs' Resp.)

SEFS principal Charles Nicolais was primarily responsible for choosing this name. (Pet. App. 2a-3a, 37a.) He arranged for the development of a mark for **Sensory**Flavors Inc. that would mirror the **Sensory**Effects trademark, using the same font, the same multicolor swirl logo, and the same graphic standards that had been developed for that trademark. (Pet. App. 2a-3a, 16a, 37a-38a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 25-28, 34-35; R. 85, Pltffs' Resp.) He also sought the advice of the company's attorneys and was told by them that **Sensory**Flavors was available for use. (Pet. App. 3a; R. 79, Defts' Statement of Uncontr. Facts, ¶ 29; R. 85, Pltffs' Resp.)

Within a month of SEFS's purchase of Givaudan's business, and before any products had been sold (or even labeled) with the **Sensory**Flavors name, Petitioners filed this lawsuit without ever having notified SEFS of the alleged infringement or having asked SEFS to cease its use of the new name. (Pet. App. 3a-4a; R. 79, Defts' Statement of Uncontr. Facts, ¶ 49; R. 85, Pltffs' Resp.) Petitioners' complaint included claims for federal trademark infringement, false advertising, and unfair competition, and for state trademark infringement, unfair competition, and trademark dilution. (R. 1, Complaint, 8-10.) Petitioners sought to enjoin SEFS's use of the **Sensory**Flavors name and

moved for a temporary restraining order. (Pet. App. 34a-35a; R. 1, Complaint, 11-12.)

SEFS almost immediately changed the name of its new company to **Sensory**Effects Flavor Company, and the company has, at all times since then, done business as **Sensory**Effects Flavor Systems. (Pet. App. 4a, 35a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 50, 53; R. 85, Pltffs' Resp.) Contrary to Petitioners' assertion at page 5 of their Petition, Mr. Nicolais did not change the company's name to "SensoryEffects Flavors"; the company has never gone by this shorter name, but always uses its full d/b/a, **Sensory**Effects Flavor Systems. (Pet. App. 4a, 35a, 46a-47a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 50, 53, 70-71; R. 85, Pltffs' Resp.)

In renaming its company, SEFS took its original modeling of the registered **Sensory**Effects trademark one step further, incorporating the trademark into the name itself, and then adding to that trademark only a generic description of SEFS's products, "flavor systems." (Pet. App. 3a-4a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 50-51, 69-70, 74; R. 85, Pltffs' Resp.) SEFS again used the same font, the same multicolor swirl logo, and the same graphic standards that had always been used with the **Sensory**Effects trademark. (Pet. App. 4a, 16a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 51, 69; R. 85, Pltffs' Resp.)[3]

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[3] Petitioners argue that, in renaming the company, SEFS should have avoided the word "flavor" altogether. To support this

(Continued on following page)

SEFS's name change naturally affected the course of this case. Although the district court had initially granted Petitioners' motion for TRO as to the original **Sensory**Flavors name, the court canceled the previously scheduled preliminary injunction hearing when SEFS announced its name change. (Pet. App. 35a.) Petitioners amended their complaint to include the new name, but never sought any preliminary injunctive relief to remedy any perceived potential harm from this new name. (Pet. App. 4a, 35a.)

After completing discovery, both SEFS and Petitioners filed motions for summary judgment. Upon determining that there was no genuine issue of material

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argument, Petitioners cite an internal SEFS email, dated after Petitioners had filed this lawsuit, in which the author suggests leaving the word "flavor" out of the company's new name. (Pet. 8-9; R. 76-17, Pltffs' Ex. Q.) However, this document was among those that SEFS moved to strike from Petitioners' summary judgment papers, as it constitutes hearsay and was never properly authenticated. (R. 89 & 90, Defts' Motion to Strike and supporting memo, re Ex. Q.) The district court did not explicitly rule on any particular document challenged by SEFS in that motion, but noted that the court would not consider inadmissible evidence in ruling on the parties' summary judgment motions. (Pet. App. 35a-36a.) The district court never made reference to this document in its opinion. In any event, Petitioners never deposed the employee who purportedly drafted the email, and cannot now claim to understand his intent. Nor can they explain why the views of one skittish employee should affect SEFS's ability to use a word that describes its products as part of an otherwise dissimilar company name. In upholding the district court's judgment in this case, the Eighth Circuit cited the earlier rejection of a similar argument in *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 831 (8th Cir. 1999). (Pet. App. 20a-21a.)

fact as to any of Petitioners' claims, and that SEFS was entitled to judgment as a matter of law as to each of them, the district court granted SEFS's motion, denied Petitioners' motion, and entered judgment in SEFS's favor. (Pet. App. 5a, 34a, 53a, 55a.)

In assessing Petitioners' trademark infringement claims, the district court was required to determine whether SEFS's names had been "used in commerce," and then, if so, whether they were likely to cause confusion with Petitioners' marks. (Pet. App. 41a-43a.) The court found that the original name, **Sensory**Flavors, Inc., had not been "used in commerce," and entered judgment for SEFS on that ground with respect to that name. (Pet. App. 43a, 53a.)

As for the **Sensory**Effects Flavor Systems name, the court balanced the relevant factors and found that the undisputed facts weighed against Petitioners and favored SEFS on four of the six factors applied to determine whether there was a likelihood of confusion with Petitioners' marks. (Pet. App. 43a-50a.) Applying the "sight, sound, and meaning" test, the court found that the parties' names and marks were not similar enough to cause confusion among their customers as to the source of their products. (Pet. App. 45a-47a.) The Eighth Circuit later elaborated on this dissimilarity, noting both the visual differences in marks' colors and typefaces, and the aural differences when the names were stated in full, as used in the market. (Pet. App. 16a-17a.) The district court also found that, due to the sophistication of the parties' customers and the long-term, collaborative

nature of the parties' sales efforts and customer relationships – involving multiple face-to-face meetings with customer representatives, so that products could be customized to the customers' specifications – it was unlikely that any customers would ever be confused as to the source of the parties' products. (Pet. App. 14a, 38a, 46a; R. 79, ¶¶ 64-65; R. 85, Pltffs' Resp.) And, in fact, more than a year into SEFS's business, there was no evidence that anyone had been confused by the SEFS name. (Pet. App. 22a-23a, 49a-50a.)

On the only issue that bears on this appeal, the district court found that Petitioners had presented no evidence that SEFS chose the name **Sensory**Effects Flavor Systems with the intent to confuse its customers as to the source of its products. (Pet. App. 47a-49a.) Rather, the court noted, the evidence confirmed that the name was chosen with a good faith intent to capitalize on a federally registered mark that SEFS already owned, and that the name choice was a logical merger of that trademark and the nature of the business SEFS purchased. (Pet. App. 22a, 38a, 48a-49a.) The court further noted that there was no evidence of any attempt by SEFS to lure Petitioners' customers; that, in fact, Petitioners' own witnesses testified that they knew of no attempt by SEFS to misrepresent its products or to pass those products off as Petitioners'. (Pet. App. 15a, 38a, 48a-49a.) Indeed, SEFS's current customer base is the same Givaudan Flavors customer base that SEFS intended to capture when it entered this market. (Pet. App. 38a.)

Contrary to Petitioners' argument, there was no direct evidence that SEFS's principal decision-maker, Mr. Nicolais, even knew of the "Sensient Flavors" name when he initially chose his company name – he denied that he did. (Pet. App. 19a, 37a, 48a-49a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 32-33; R. 85, Pltffs' Resp.) He explained that, although he had previously worked for Sensient's color group, and he knew that there was also a flavor group within the company, he never knew that the group used a "Sensient Flavors" mark. (Pet. App. 19a, 37a, 48a-49a; R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 2, 30; R. 85, Pltffs' Resp.) His own group was not generally known by the equivalent name, "Sensient Colors," but instead identified itself with the corporate brands "Sensient" and "Sensient Technologies." (R. 79, Defts' Statement of Uncontr. Facts, ¶ 30; R. 85, Pltffs' Resp.) Petitioners presented no evidence to rebut this testimony, but have argued only that Mr. Nicolais's knowledge of the name "Sensient Flavors" should be inferred from the circumstances.

But this quibble over whether Mr. Nicolais knew about "Sensient Flavors" before he chose SEFS's name was immaterial to the district court's decision. The court held that, even assuming Mr. Nicolais knew about "Sensient Flavors" from the beginning, that knowledge – or even an intent on his part to compete with Sensient – would not be evidence of the only type of intent that is relevant in trademark infringement cases, the intent to confuse. (Pet. App. 48a-49a.) Indeed, there is no question that Mr. Nicolais knew that Petitioners were claiming

protection for "Sensient Flavors" at the time he chose the new name – **Sensory**Effects Flavor Systems – which is the only name that remains at issue here. After all, Petitioners had already filed this lawsuit when that name was chosen. But that fact did not influence the district court's decision. As the court recognized, knowledge of the name was not material; without evidence of any intent by SEFS to confuse its customers as to the source of its products, Petitioners could not prevail on this factor. (Pet. App. 48a-49a.)[4]

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[4] Despite the lower courts' clear and consistent statements that Mr. Nicolais's knowledge of the "Sensory Flavors" name is immaterial to the resolution of this case, Petitioners continue to insist on the importance of their so-called evidence that he knew of that name when he initially chose **Sensory**Flavors for SEFS's new business. To support this position, Petitioners both misstate the record below and cite to inadmissible, hearsay "evidence." First, Petitioners cite their Appendix B at 48a, the district court's opinion, for their position that they presented "evidence that Nicolais was aware of the Sensient *and Sensient Flavors* marks and was advised to stay away from them." (Pet. 6, emphasis added.) But the court's opinion at that page says exactly the opposite about Mr. Nicolais's awareness of "Sensory Flavors," and says nothing at all about any advice to stay away from that name. (Pet. App. 48a.) In fact, the only advice Mr. Nicolais received prior to choosing the **Sensory**Flavors name came from his attorneys, who told him the name was available. (Pet. App. 3a.) Petitioners also argue that Mr. Nicolais's testimony as to his lack of familiarity with "Sensient Flavors" is implausible because Sensient "has but two major subsidiaries." (Pet. 6.) Petitioners cite nothing in the record to support this statement, and their own witness and their complaint suggest the contrary, that Petitioners sell fragrances, bionutrients, and household and personal products worldwide, through multiple subsidiaries and affiliates. (R. 2-3, Berry Decl., ¶¶ 3, 6, 8; R. 36, Am. Complaint, ¶ 15.)

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Dissatisfied with the district court's judgment, Petitioners appealed to the Eighth Circuit. (Pet. App. 1a-2a.) The Eighth Circuit affirmed, following essentially the same analysis as the district court, including its assessment of Petitioners' evidence of intent to confuse – that is, that there was none. (Pet. App. 19a-22a, 27a.)

Petitioners then petitioned the Eighth Circuit for rehearing *en banc*, and that petition was unanimously denied. (Pet. App. 54a.) Petitioners now ask this Court to grant its Petition for a Writ of *Certiorari*. The Petition should be denied because there is no compelling reason for this Court to review this case.

Finally, at page 8 of the Petition, Petitioners refer to an "internal document" that listed "Sensient Flavors" as one of SEFS's competitors, and argue that Mr. Nicolais's knowledge of the name can be inferred from this document. But, like the email discussed earlier in this Brief, this "internal document" is just more hearsay, a document that Petitioners never bothered themselves to authenticate and that was, like the email, the subject of SEFS's motion to strike. (R. 89 & 90, Defts' Motion to Strike and supporting memo, re Ex. M; R. 76-13, Pltffs' Ex. M; Pet. App. 35a-36a.) In response to Petitioners' summary judgment motion, SEFS submitted the declaration of the former SEFS employee who drafted the document; she attested that no one besides herself, including Mr. Nicolais, had ever seen it, and that she had prepared it after the name **Sensory**Flavors had already been chosen. (R. 88-11, Baxendale Decl., ¶¶ 4-5.) Petitioners presented no evidence to rebut these statements. (R. 88, Defts' Resp. to Ptlffs' Statement of Uncontr. Facts, ¶ 58; R. 95, Pltffs' Reply, ¶ 58.) Thus, even if Mr. Nicolais's knowledge were material, Petitioners have submitted no evidence to show it.

REASONS FOR DENYING THE PETITION

Petitioners do not here challenge the lower courts' decisions in SEFS's favor on the state law claims, or the courts' holdings that the **Sensory**Flavors name was never "used in commerce" and, therefore, did not infringe Petitioners' trademarks. Nor do Petitioners challenge the lower courts' findings, on the issue of likelihood of confusion, that (1) the name **Sensory**-Effects Flavor Systems is not confusingly similar to Petitioners' marks; (2) the sophistication of the parties' customers and the parties' sales methods make it unlikely that customers would ever be confused; and (3) there is no evidence that anyone has actually been confused by SEFS's use of its name.[5] Nor, finally, do Petitioners appear to challenge the Eighth Circuit's decision not to adopt the doctrine of initial interest confusion in the context of this case, despite their inclusion of a footnote regarding that doctrine in their Petition. (Pet. 10, fn. 2.) Rather, Petitioners focus here exclusively on the question of SEFS's intent in

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[5] On the competition factor, which the courts found in Petitioners' favor, Petitioners overstate the record with their assertion that "[t]here is no dispute that this newly named 'Sensory Flavors' and Sensient Flavors are direct competitors." (Pet. 5.) Both the Eighth Circuit and the district court recognized that there are differences in the parties' markets. (Pet. App. 18a, 47a.) SEFS described those differences, as well as the overlap in the parties' markets, in detail in its statement of uncontroverted facts filed with the district court, and Petitioners did not rebut that evidence. (R. 79, Defts' Statement of Uncontr. Facts, ¶¶ 78-80; R. 85 Pltffs' Resp.)

choosing the name **Sensory**Effects Flavor Systems. (Pet. i, 12, 14.)

A. In Affirming Summary Judgment, the Eighth Circuit Found No Evidence of Any Intent by SEFS to Confuse or Deceive Its Customers as to the Source of Its Products.

The circuits agree on the proper treatment of summary judgment motions in trademark infringement cases. Just as in other cases, summary judgment is appropriate in trademark cases when there is no genuine issue as to any material fact. *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 392 (4th Cir. 2009); *Playtex Prod., Inc. v. Georgia-Pac. Corp.*, 390 F.3d 158, 161 (2d Cir. 2004) (Sotomayor, J.); *AutoZone, Inc. v. Speedbar, Inc.*, 373 F.3d 786, 792-93 (6th Cir. 2004), *superseded by statute on other grounds*, Trademark Dilution Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730; *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 830 (8th Cir. 1999). When the material facts are not in dispute, the proper balancing of the confusion factors is a question of law. *Playtex*, 390 F.3d at 162. "When balancing the factors, district courts generally should not treat any single factor as dispositive; nor should a court treat the inquiry as a mechanical process by which the party with the greatest number of factors wins. . . . Instead, the court 'should focus on the ultimate question of whether consumers are likely to be confused.'" *Id.* at 162 (citations omitted); *accord AutoZone*, 373 F.3d at 793; *Duluth News-Tribune v. Mesabi Publ'g Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996).

Following this standard, both the district court and the Eighth Circuit found that summary judgment in SEFS's favor was appropriate in this case. As relevant to this Petition, both lower courts held that Petitioners presented no evidence that SEFS had acted with the intent to confuse or deceive its customers as to the source of its products; that there was, in fact, evidence only of the contrary. (Pet. App. 15a-22a, 38a, 45a-49a.)

Despite these holdings, Petitioners argue here, as the sole reason for this Court to accept this case, that there is a split among the circuits on the question of whether a presumption of likelihood of confusion arises when a trademark plaintiff has presented evidence of the relevant type of intent, the intent to confuse. However, setting aside the question of whether there is such a split (and, if so, whether it should be resolved in Petitioners' favor), Petitioners have failed to identify any split on the only intent issue that was actually decided by the Eighth Circuit. In this case, both the Eighth Circuit and the district court found that Petitioners failed to present any evidence of the kind of intentional conduct that would give rise to the presumption Petitioners advocate. Petitioners have thus failed to offer any compelling reason for this Court to review this case.

B. The Eighth Circuit's Decision Is Consistent with Decisions in Other Circuits.

Following its earlier decisions in *Luigino's* and in *General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622 (8th Cir. 1987), the Eighth Circuit stated here as follows on the question of intent:

> We believe the intent alleged by Sensient in this case is similar to the allegations in *Luigino's* and *General Mills, Inc.* While the parties strongly dispute the extent of Nicolais's knowledge of the Sensient Flavors name, our precedent demonstrates any knowledge maintained by Nicolais is not dispositive of the inquiry because knowledge of another's product and an intent to compete does not correspond with an intent to mislead.

(Pet. App. 21a.)

Thus, the Eighth Circuit did not ignore Petitioners' evidence, as Petitioners argue. Rather, the court found that evidence of Mr. Nicolais's knowledge, even if it existed, was immaterial to the court's decision.

This expression of the law is consistent with that applied in each of the other circuits that are identified by Petitioners as differing from the Eighth Circuit – the Second, the Fourth, the Sixth, the Ninth, and the Eleventh Circuits. (Pet. 4.)[6] This consistency

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[6] Both Petitioners and the treatise on which they rely put the Eleventh Circuit on both sides of the presumption question.

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among the circuits is evident in their handling of summary judgment motions similar to SEFS's.

For example, in its *Playtex* decision, the Second Circuit affirmed summary judgment for the defendants where there was no evidence of intent to confuse, stating that "[p]rior knowledge of a senior user's mark does not, without more, create an inference of bad faith." 390 F.3d at 166.

In *George*, the Fourth Circuit reached a similar conclusion in similar circumstances. And, in affirming summary judgment for that defendant, the court actually cited with approval the Eighth Circuit decision in *Luigino's* on the intent question. 575 F.3d at 398.

The Sixth Circuit follows this same rule. In *AutoZone*, the court affirmed summary judgment for the defendant, even though the parties had a prior history of litigation regarding their trademarks and the defendant knew about the plaintiff's use of its AutoZone trademark. 373 F.3d at 789, 800. The court reasoned: "[T]here is simply no evidence that Radio Shack chose the POWERZONE mark in order to steal customers from AutoZone." *Id.* at 800.

Similarly, in *One Indus., LLC v. Jim O'Neal Distrib.*, 578 F.3d 1154, 1163-64 (9th Cir. 2009), the Ninth Circuit affirmed summary judgment for the

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(Pet. 4.) In either case, as discussed below, the Eleventh Circuit's handling of cases like this one, where there is no evidence of intent to confuse, follows the Eighth Circuit model.

defendant due to a lack of evidence of the relevant intent to deceive, despite the defendant's prior knowledge of the plaintiff's name and business.

And, finally, in *Dan Tana v. Dantanna's*, 611 F.3d 767, 778-79 (11th Cir. 2010), the Eleventh Circuit affirmed summary judgment for the defendant because there was an undisputed innocent explanation for the defendant's name choice, and there was no evidence of any intent to misappropriate the plaintiff's mark.[7]

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[7] *See also Boston Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 25-26 (1st Cir. 2008) (overturning preliminary injunction against defendant where defendant adopted a name that included a generic phrase describing its product, and there was no evidence that defendant intended to deceive the public); *Packman v. Chicago Tribune Co.*, 267 F.3d 628, 644-45 (7th Cir. 2001) (affirming summary judgment for defendants where there was no evidence that defendants intended to "pass off" their products as plaintiff's, despite their prior knowledge of plaintiff's trademark); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 173 (5th Cir. 1986) (reversing jury verdict for plaintiff based, in part, on finding no evidence of defendant's intent to pass its goods off as plaintiff's); *Sweats Fashions, Inc. v. Pannill Knitting Co., Inc.*, 833 F.2d 1560, 1565 (Fed. Cir. 1987) (affirming summary judgment for defendant, stating that "an inference of 'bad faith' requires something more than mere knowledge of a prior similar mark."); *Rosetta Stone Ltd. v. Google, Inc.*, No. 1:09-cv-736, 2010 U.S. Dist. LEXIS 78098, at *21-26 (E.D. Va. 2010) (applying Fourth Circuit law to grant summary judgment for defendant, holding that relevant intent is intent to confuse the public, shown generally by defendant's efforts to create knock-offs and pass them off as the plaintiff's, not by defendant's knowledge of the mark); *HBP, Inc. v. Am. Marine Holdings, Inc.*, 290 F. Supp. 2d 1320, 1337-38 (M.D. Fla. 2003), *aff'd*, 129 Fed.

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This rule makes sense. If mere knowledge of a company's trademarks, and an intent to compete with the holder of those marks, were sufficient to raise a presumption that confusion is likely, any well known company with famous trademarks would have a distinct advantage in any trademark litigation with its competitors, and a corresponding advantage in the market. In any trademark litigation between that famous company and its competitors, the competitors would automatically face a presumption of bad faith, and a resulting presumption of infringement, merely by virtue of their familiarity with the plaintiff's famous trademarks. But this is not the purpose for which the trademark laws were enacted; rather, those laws were enacted to prevent one party from benefitting unfairly from the established goodwill and reputation of another, not to thwart legitimate competition. *See One Indus.*, 578 F.3d at 1163-64; *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 53 F.3d 1, 26 (1st Cir. 2008); *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 520 (6th Cir. 2007); *Luigino's*, 170 F.3d at 831.

Appx. 601 (11th Cir. 2005) (granting summary judgment for defendant, despite plaintiff's assertion that defendant's innocent explanation of origin of name was implausible); *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 104 F. Supp. 2d 427, 465 (D. N.J. 2000), *aff'd*, 269 F.3d 270 (3d Cir. 2001) (entering judgment for defendant and finding no evidence of bad intent, despite defendant's prior knowledge of plaintiff's mark and defendant's decision to continue using its name even after receiving plaintiff's cease & desist letter).

The presumption cases that Petitioners cite, which come only from the Second and the Fourth Circuits, do not advance their position. As for the Second Circuit, the decision in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987), cited by Petitioners at pages 9, 10, and 15 of the Petition, is distinguishable from this case and is, moreover, out of line with that circuit's more recent analyses.

In *Mobil Oil*, the Second Circuit stated that "[i]ntentional copying gives rise to a presumption of a likelihood of confusion[,]" but only after the district court, as factfinder, found that the defendant's name was similar to the plaintiff's famous trademark, and that the defendant had intentionally copied that similar mark. *Id.* at 257-58. The Second Circuit merely upheld these findings of fact. In this case, in contrast, both lower courts found that the parties' names and marks are not similar, and there was no evidence of any "intentional copying" – no "copying" at all – that would give rise to any presumption of confusion. (Pet. App. 15a-22a, 38a, 45a-49a.)

Nor is the *Mobil Oil* opinion consistent with the Second Circuit's more recent analyses of the intent factor. In fact, the *Playtex* decision cited above reflects the Second Circuit's general agreement with Eighth Circuit decisions on that factor. In affirming summary judgment in the defendant's favor, the *Playtex* court explicitly held that neither the knowledge of another's mark nor the intent to compete in the same market would create an inference of the defendant's bad faith. 390 F.3d at 166. Just as the Eighth Circuit

did here, in the absence of any relevant intent evidence, the Second Circuit found dispositive the facts that the marks at issue were dissimilar and the parties' products were not marketed in a way that would lead to confusion. *Id.* at 167. Though not explicitly addressing the question of whether a presumption of confusion should arise when intent evidence is available, the court did state that "no single factor is dispositive" in determining likelihood of confusion. *Id.* at 162; *see also Virgin Enter. Ltd. v. Nawab*, 335 F.3d 141, 151 (2d Cir. 2003) (defendant's bad faith is not "of high relevance" to the question of whether consumer confusion is likely).[8]

Petitioners' Fourth Circuit decision is no more helpful to their position. In *Osem Food Indus. Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161 (4th Cir. 1990), cited by Petitioners at pages 4 and 14 of the Petition, the presumption applied by the court arose from the fact that the defendant admitted it had intentionally copied the plaintiff's nearly identical trade dress. *Id.* at 163-65. In this case, in contrast, there was, again, no evidence of "intentional copying" – indeed, no similarity. (Pet. App. 15a-22a, 38a, 45a-49a.) As for what constitutes evidence of intent, the Fourth

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[8] The Second Circuit opinion in *My-T Fine Corp. v. Samuels*, 69 F.2d 76 (2d Cir. 1934), cited by Petitioners at pages 13, 14, and 16 of their Petition, is similarly based on an evidentiary finding of intentional copying and, in any event, predates the modern evaluation of the various factors of confusion, as expressed by the Second Circuit in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

Circuit agrees with the Eighth, that it is the intent to confuse the public – the defendant's customers – that is relevant, not the defendant's knowledge of the plaintiff's marks and products. *George*, 575 F.3d at 398.

Petitioners have thus failed to show that the Eighth Circuit's expression of the law in this case is different from that of any other circuit. Indeed, even if Petitioners were to argue that the Eighth Circuit misapplied the circuits' consistently stated rule of law to the facts of this case, that alone would not serve as a compelling reason for this Court to grant review. *See* Sup. Ct. R. 10. The Petition should be denied.

CONCLUSION

Petitioners have not established any compelling reason for this Court to grant their Petition. Respondents therefore respectfully request that the Petition be denied.

Respectfully submitted,

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No. 10-721

IN THE

Supreme Court of the United States

SENSIENT TECHNOLOGIES CORP., and
SENSIENT FLAVORS, LLC
Petitioners,

v.

SENSORYEFFECTS FLAVOR COMPANY, FORMERLY
KNOWN AS SENSORYFLAVORS, INC.
PERFORMANCE CHEMICALS & INGREDIENTS, CO.,
DIEHL FOOD INGREDIENTS, INC., and
HIGHLANDER PARTNERS, L.P.
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

REPLY BRIEF

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REPLY BRIEF

REASONS FOR GRANTING THE WRIT

Respondents' opposition fails to rebut the reasons that justify review of the question presented. Respondents never dispute that the circuits are split over whether evidence that a party intentionally selected a mark to confuse customers gives rise to a presumption that the selected mark will likely confuse customers. Instead, Respondents contend that this circuit conflict is irrelevant; Respondents'

opposition is nothing but an argument that the disputed evidence does not prove that the former Sensient executive, Nicolais, intended to confuse customers by first using the name "SensoryFlavors" and then, after a temporary restraining order was entered, "SensoryEffects Flavors," to compete against Sensient Flavors.

Likelihood of confusion is an issue of fact, however, and Respondents ignore that this case was not resolved at a trial but on summary judgment, when all reasonable inferences should have been drawn in Sensient's favor. Respondents' long recitation of supposed undisputed facts ignores the dissent on this point. As the dissent explained, the evidence of record allowed a fact finder to conclude that Sensient's ex-executive selected similar marks intending to confuse customers (App. A.29a-30a):

> Intent is proved by circumstantial evidence, and from these circumstances, a reasonable jury could find that the defendant, having been rebuffed in its efforts to use the name Sensory-Flavors to generate confusion with Sensient Flavors, still intended to confuse the public by shifting to the name of SensientEffects Flavor Company. To be sure, we have said that "[k]nowledge of another's product and an intent to compete with that product" is not the same as intent to cause consumer confusion, *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 627 (8th Cir. 1987), but this is not a garden-variety "intent to compete" case. Sensient's contention is that the defendant knew of the "Sensient Flavors" mark and intentionally selected a very similar mark—first, SensoryFlavors and then SensientEffects Flavor Company—in order to benefit from confu-

> sion that would arise from the similarity of names. Particularly given the initial effort by a former Sensient executive to use the name SensoryFlavors, a jury reasonably could infer that the defendant's choice of the fallback name was still motivated in part by an intent to confuse consumers. *See Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 927 (10th Cir. 1986) ("[D]eliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another," and "[t]he inference of intent is especially strong when the parties have had a prior relationship."). The permissible inferences about the defendant's intent weigh strongly against summary judgment.

It is telling that Respondents' opposition never addresses the dissent and makes no effort to explain why the dissent was wrong. Respondents' lengthy footnotes arguing about the weight to give certain evidence reflects how they obviously dispute whether Nicolais intended to confuse customers, but the weighing of evidence and the credibility of witnesses' and what they claim to have known or not known are issues for the finder of fact to decide at a trial, not for a court to decide on summary judgment.

Companies like Sensient regularly face the issue of unfair competition by others who deliberately select confusingly similar marks to create initial confusion in order to get their foot in the door with potential customers. Per the dissent, a reasonable fact finder could conclude that this is exactly what occurred here, and thus this case squarely presents the issue of whether evidence that a party deliberately selected a mark to confuse customers gives rise to a presumption of a likelihood of confusion under the

Lanham Act. Accordingly, this Court should grant review to resolve the circuit split and affirm the common sense notion that evidence showing an actor intended to confuse consumers gives rise to a presumption of a likelihood of confusion, for "[i]t would be inconsistent not to require one who tries to deceive customers to prove that they have not been deceived." *Osem Food Indus., Ltd v. Sherwood Foods, Inc.*, 917 F.2d 161, 165 (4th Cir. 1990).

CONCLUSION

For the foregoing reasons and those stated in the Petition, certiorari should be granted.

Respectfully submitted,

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